

# Social Report 2014



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## 1. Strategy and analysis

### 1.1 STATEMENT OF THE CHAIRMAN

*Two events that occurred in the life of the UBI Banca Group in 2014 are of particular significance to us. In September the UBI Banca share was admitted to the FTSE4Good Global and FTSE4Good Europe indexes, one of the most important families of ethical indexes at global level, and in November we received the "Italian Bank of the year" prize awarded by the Financial Times Group periodical The Banker (the first international acknowledgement received by our Group).*

*These are two events to be seen together, because they are two sides of the same coin. They are recognition of the Group's great efforts to manage its business in a sustainable and socially responsible manner by integrating its economic and financial strategies and goals with consideration of risks and opportunities of a social and environmental nature.*

*While The Banker places the accent on the results achieved in shoring up the balance sheet, lowering the risk profile, controlling costs and innovating products (all of which are fully confirmed in the sequence of consolidated financial statements), the FTSE assessments focus on the way in which the results were achieved and on the conditions, and the governance conditions above all, which make it possible to project them in the medium to long-term (subject to disclosure in the Social Report).*

*The reduction in operating expenses (achieved for the sixth consecutive year in the presence of substantial investments, mainly to develop business) and the sound capital ratios acquire even more significance in light of social responsibility indicators: for example the increase in the already high level of customer satisfaction (94% of customers satisfied in the last annual survey); investments in the training, development and care of human resources (fundamental in the search for excellence in the quality of products and services); the huge efforts made for the economic and social development of our local communities (ranging from anti-crisis initiatives to the depth of our commercial relationships with nonprofit organisations, the success of social bonds, financial education activities, large donations to social welfare causes). While normalised profit itself recorded strong growth compared with last year, it assumes even greater value if it is seen in the context of the economic value created, a broader measure of the Group's ability to generate wealth not only for shareholders but also for all the other stakeholders.*

*Room for improvement certainly exists, especially in environmental aspects of operations, both to further reduce the direct impacts and by adding to the criteria employed in processes to assess the credit ratings of businesses, investments and procurement (including aspects of the supply chain).*

*If we now shift our gaze from the Group to the sector as a whole, we see two important events for Banks that occurred in 2014 and at the beginning of this year.*

*The first event was the start-up, on 4<sup>th</sup> November, of the Single Supervisory Mechanism, following a complex and in-depth exercise to assess the balance sheets of banks (the "Comprehensive Assessment") on figures as at the 31<sup>st</sup> December 2013, which consisted of an*

*"Asset Quality Review" (AQR) and a stress test to analyse the resilience of balance sheets under conditions of particularly adverse scenarios.*

*Our Group arrived at this appointment well prepared. In fact the results of the Comprehensive Assessment, announced on 26<sup>th</sup> of October 2014, highlighted the soundness of the Group's capital strength at all stages of the exercise, with capital significantly in excess of the minimum thresholds required, which confirmed the quality of the valuation and operational processes in use.*

*The second event was the reform of the legislation on "popular" co-operative banks, which makes it compulsory for those, like us, which have total assets on their balance sheets of greater than €8 billion, to transform into joint stock companies. The transformation into a joint stock company is a step which could impact the ownership structure of the Bank and could require a revision of some governance mechanisms and the search for new balances between the expectations of different stakeholders.*

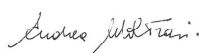
*The UBI Banca Group has also arrived at this step under the best conditions. Not only is it solid and efficient, but it has strong traditions in terms of values and links, with well established relationships with stakeholders and a management style consistent with its well-defined role as a driving force for the social and economic development of local communities. These conditions commit us to considering today's results, achieved in such difficult times, as a stepping stone towards new goals.*

*We must see this change as an opportunity to be grasped, to strengthen the integrated governance of social responsibility and planning rooted in a desire to "Fare Banca Per Bene" (bank fairly and bank well), along the lines of a corporate culture and operational and management criteria based on the commitment, which is also a moral commitment, of those who work to develop the Bank.*

*To be increasingly more sustainable and socially responsible is not an imposition, but a choice consistent with the principles of our Code of Ethics and with the principles of the UN Global compact, which we have signed and which we are committed to promoting within our sphere of responsibility. It is an energy that runs through our plans, ideas and vision of a corporate governance which is strongly inclusive and oriented towards business success which will last over the years.*

*The Chairman of the Supervisory Board*

**Andrea Moltrasio**



*The Chairman of the Management Board*

**Franco Polotti**



**1.2**  
**KEY IMPACTS, RISKS**  
**AND OPPORTUNITIES**

UBI Banca's Code of Ethics identifies the significant stakeholders of the Group, which are those "groups and individuals who are holders of specific interests on which UBI's activities have effects and/or which contribute in various ways to UBI's activity and its very existence." Important issues and the relative risks and opportunities within the different areas of sustainability are considered for each category of stakeholder, account of which is taken in formulating policies and setting operating objectives.

In the particularly difficult current economic environment, characterised by uncertainty which includes an expectation slow growth and a continued scenario of low interest rates far into the future, it is essential to give priority to financial and operating figures with a particular focus on levels of liquidity and capital and controlling costs. In relation to this commitment, the lines of action identified with regard to the sustainability of the 2011-2013/15 Business Plan, summarised in the table below, have been confirmed. They relate in particular to the prevention of reputational risk, which is particularly in evidence in the financial sector, and to grasping opportunities arising from the emergence of new concerns and demands of a social and environmental nature. These lines of action are currently subject to revision as part of a materiality analysis conducted by management to implement the transition to the new GRI-G4 guidelines.

The evolving context and the performance of operations relating to social responsibility and sustainability strategies and objectives are monitored over time as part of the following: strategic planning processes; consultation and dialogue activities (e.g. customer satisfaction surveys); analysis of agency ratings and analysts and CSR investors' opinions; and also monitoring of indicators calculated as part of the CSR reporting process in the Social Report.

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## 2. Group profile

### 2.1 NAME OF THE ORGANISATION

Unione di Banche Italiane (UBI Banca in abbreviated form) is the parent bank of the UBI Banca Group and was formed on 1<sup>st</sup> April 2007 following the merger of Banca Lombarda e Piemontese into Banche Popolari Unite, with the consequent integration of the two groups of the same name.

### 2.2 PRIMARY BRANDS, PRODUCTS AND SERVICES

The UBI Banca Group operates mainly in the retail banking and financial services sector, under the brand names of its seven Network Banks, its other banks and its Product Companies at the service of families and businesses in local communities. Its market is divided into two major groups:

- **the retail group**, which comprises 97.7% of customers, consisting of individuals (“mass market” and “affluent market” segments on the basis of the financial wealth owned, up to €100 thousand and €500 thousand respectively) and all the small economic operators with turnover of up to €300 thousand (“small business” and “small economic operator” segments) and small to medium-size enterprises with turnover of less than €15 million (SME segment);
- **the private-corporate banking group**, which includes individual customers with financial wealth greater than €500 thousand and businesses with turnover over €15 million.

The “retail market” also includes Church and non-Church related non profit organisations (commonly referred to as the “**third sector**”), which has a dedicated commercial unit at the Parent, that operates under the brand name **UBI Community**.

The commercial offering is designed to **focus increasingly on customer demands**, through the **segmentation** and **specialisation** of the service model and a **focus on local specifics**, with a broad range of banking, insurance, credit and savings products and services.

In this context, the product range was updated and added to yet again in 2014 for all market segments with new products and services distinguished by their usefulness, flexibility and digital innovation, features which were underlined in commercial advertising publicity messages.

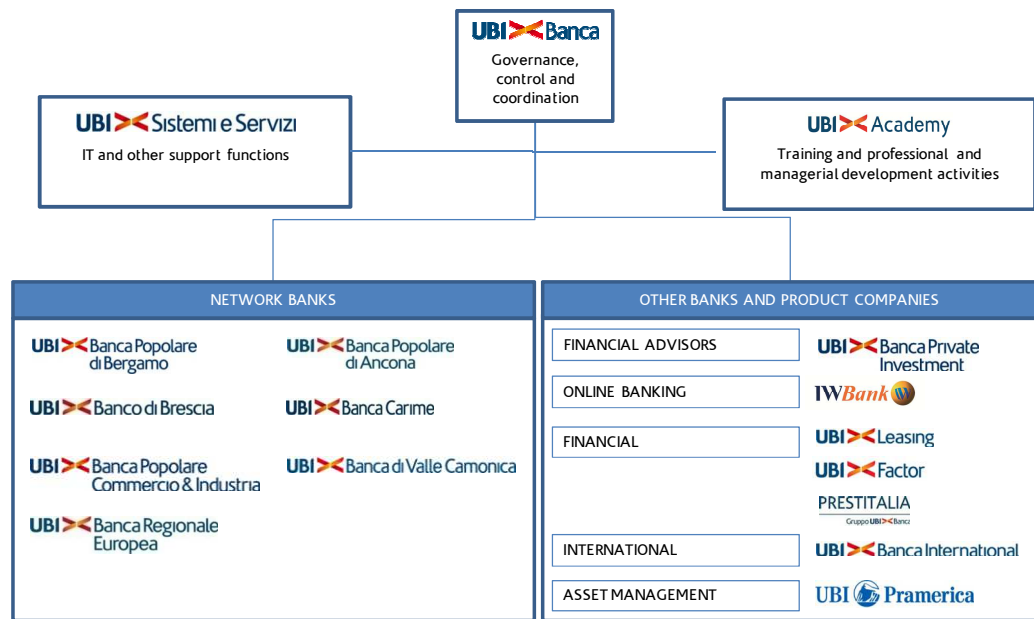
[🔗 Reports and Accounts 2014 p. 44-49, 54-59]

### 2.3 OPERATIONAL STRUCTURE

The UBI Banca Group is a **multi-functional, federal and integrated group** in which:

- the functions of governance, control and co-ordination are centralised at **the Parent**, which, through the subsidiary consortium company **UBI Sistemi e Servizi**, also manages IT activities and other support functions, while it manages all staff training activities through **UBI Academy**;
- the local banks – termed **Network Banks** – fill the role of the distribution network, with their own brands each covering a specific local area. They are operationally independent, each with their own Board of Directors on which members representing local communities and economies predominate. They all employ the same distribution model, applied in a flexible manner to take account of local differences and specific customer portfolios;
- a series of other banks and specialist companies – named **Product Companies** – supply a full range of products and services to the network banks, which is constantly updated to meet the requirements and needs of different customer segments.

## The operational structure of the Group



**UBI Pramerica** is the Group's asset management company formed in 2001 from an agreement with Pramerica Financial, a major United States financial institution with great experience and high professional standing in the field of investment management throughout the world. It boasts a capacity for global investment and offers individual and institutional investors a vast range of funds and asset management products.

**IWBank** is the Group's online bank, the market leader in Italy for professional online trading on stock markets throughout the world.

**UBI Leasing** and **UBI Factor** also help to satisfy the more complex financial demands of companies with their plans for growth, development, international activities and innovation.

In view of our objective to provide our customers with the best possible insurance products we have selected partners of proven value such as Aviva (Aviva Vita and Aviva Assicurazioni Vita) and Cattolica Assicurazioni (Lombarda Vita) for the life sector and with the Ageas Group and BNP Paribas Cardif for the non-life sector.

In 2014 we completed corporate ownership rationalisation operations, which involved the insurance sector in particular, while the merger of UBI Banca Private Investment and IW Bank was approved, to be completed in 2015. [[Relazioni e Bilanci 2014 p.41-42](#)]

### 2.4 LOCATION OF HEADQUARTERS

The registered address of UBI Banca is at Piazza Vittorio Veneto 8, Bergamo and the General Management is divided between offices in Piazza Vittorio Veneto in Bergamo and via Cefalonia in Brescia.

### 2.5 COUNTRIES WHERE THE GROUP OPERATES

The UBI Banca Group is a mainly domestic group present **in all regions of Italy, except for Sicily**.

At the end of 2014, following streamlining action which involved a reduction of 55 units, the branch network in Italy numbered 1,670 branches, 128 private and corporate banking units and 3 UBI Banca corporate centres. The Network Bank branches cover the retail market and provide support to private and corporate banking market units.

[[Reports and Accounts 2014 p. 38, 68-69, 2.9, FS13](#)]

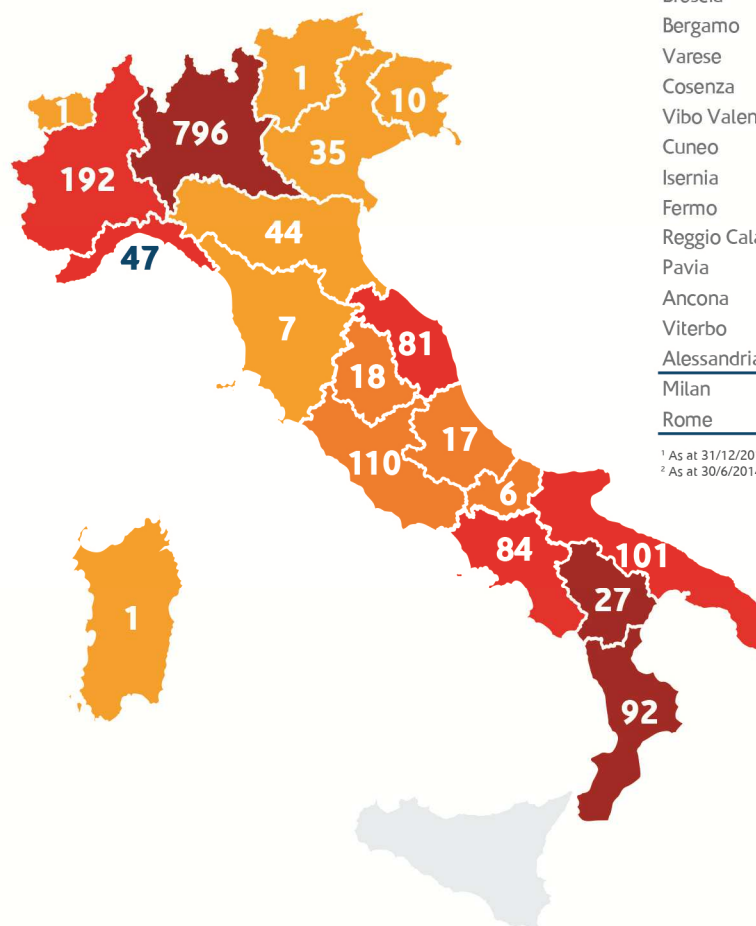


GEOGRAPHICAL DIMENSION		2014	2013	2012
Total branches including branches abroad		1,676	1,731	1,735
Branches in Italy		1,670	1,725	1,727
of which:				
	<i>Banca Popolare di Bergamo</i>	354	357	353
	<i>Banco di Brescia</i>	316	322	322
	<i>Banca Popolare Commercio e Industria</i>	212	219	219
	<i>Banca Regionale Europea<sup>1</sup></i>	240	256	256
	<i>Banca Popolare di Ancona</i>	213	219	220
	<i>Banca Carime</i>	242	255	255
	<i>Banca di Valle Camonica</i>	66	66	66
Market Share		5.4%	5.4%	5.4%
of which:				
	<i>North West</i>	11.0%	10.9%	10.8%
	<i>North East</i>	1.1%	1.1%	1.1%
	<i>Central</i>	3.3%	3.4%	3.3%
	<i>South</i>	7.7%	7.7%	7.8%
Provinces with market share over 10% <sup>2</sup>		15	15	15

<sup>1</sup> Included branches of Banco di San Giorgio merged on 22/10/2012.

### Number and market share of branches in Italy<sup>1</sup>

■ > 10/20% ■ > 5/10% ■ > 2/5% ■ < 2%



#### The main provinces by market share

	Branches <sup>1</sup>	Loans <sup>2</sup>
Brescia	22.8%	37.7%
Bergamo	22.7%	36.7%
Varese	24.3%	21.0%
Cosenza	23.1%	19.3%
Vibo Valentia	24.3%	18.0%
Cuneo	22.7%	16.0%
Isernia	6.3%	16.2%
Fermo	10.7%	15.0%
Reggio Calabria	20.9%	12.0%
Pavia	15.0%	11.4%
Ancona	9.6%	11.4%
Viterbo	14.1%	11.3%
Alessandria	11.5%	11.1%
Milan	9.2%	3.8%
Rome	4.1%	2.9%

<sup>1</sup> As at 31/12/2014

<sup>2</sup> As at 30/6/2014

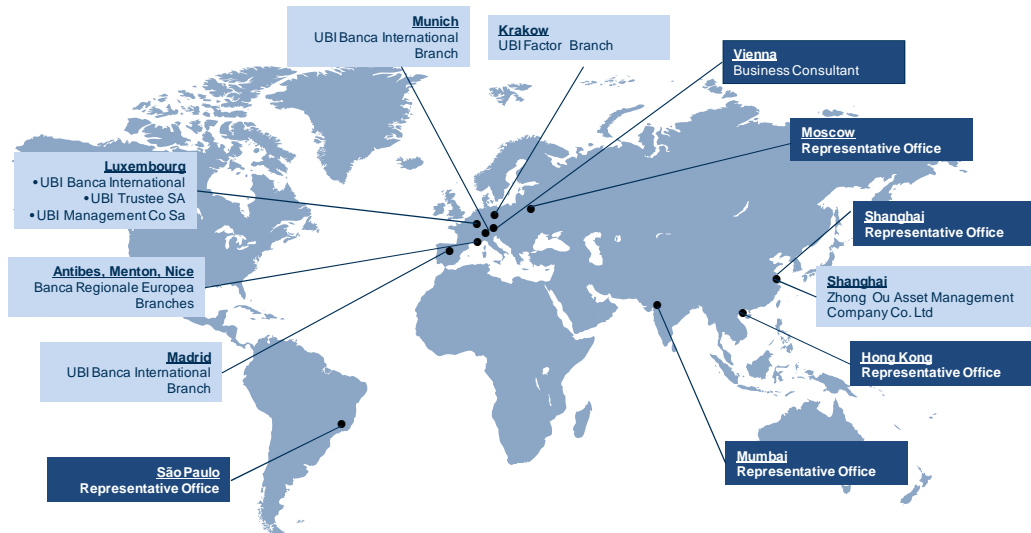
In addition to the distribution networks of the local banks, the Group also has a network of 713 financial advisors and the 14 private bankers of UBI Banca Private Investment, which operate throughout the country.

[ Reports and Accounts 2014 p. 9, 68-69]

The number of branches was further reduced by 110 in January 2015. The procedures adopted in the reduction were oriented towards social sustainability for the customers and staff involved. [🔗 Reports and Accounts 2014 p.38-39]

Our presence abroad is designed primarily to support the international activities of our corporate clients, especially in emerging markets, where they have the greatest difficulty in gaining access to financial services appropriate to their requirements. [🔗 Reports and Accounts 2014 p. 68]

The Group has no presence in tax havens or other financial centres that have not yet complied with international tax standards, as recommended by the OECD. Also it has no presence in any country classified as at risk of money-laundering or terrorism by the lists of the International Financial Action Group and/or the Italian Ministry of the Economy and Finance.



In order to meet customer requirements to consult and manage their bank accounts with no opening hour limitations under more attractive terms and conditions than those available at branches, the Group provides customers with a series of remote channels and payment cards, with great efforts made in the field of digital innovation. [🔗 Reports and Accounts 2014 p. 54-55]

## 2.6 NATURE OF OWNERSHIP AND LEGAL FORM<sup>1</sup>

🔗 4.16

UBI Banca is a “popular” bank formed with the legal status of a joint stock co-operative company. It has a broad shareholder base with a large number of registered shareholders: over 151 thousand shareholders (as measured on the dividend payment date) of which over 79 thousand are registered shareholders (recorded by name in the shareholders register at the end of the year).

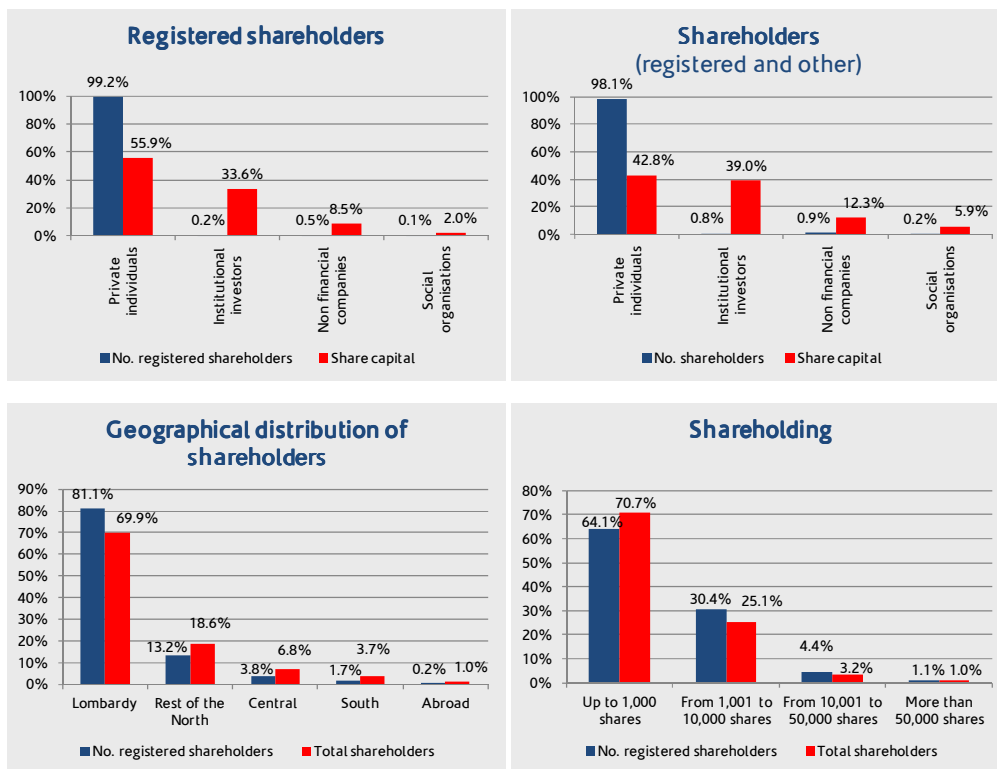
No shareholder may hold more than 1% of the share capital except for undertakings for the collective investment of transferable securities (UCITS). The co-operative status distinguishes ordinary shareholders from registered shareholders. [🔗 Reports and Accounts 2014 p. 50\*-52\*]

All ordinary and registered shareholders without distinction hold the right to receive payment of dividends, but only registered shareholders may take part in general meetings, with a per capita vote regardless of the number of shares possessed, and they may hold a limited number of proxies as specified in the Articles of Association.

In order to become a registered shareholder, a shareholder must submit a written application to the Management Board, accompanied by a certificate of participation in the centralised management system, which demonstrates ownership of at least 250 shares. That ownership must be maintained subsequently in order to maintain the status. The Management Board approves an application for registered shareholder status exclusively on the basis of the objective interests of the Bank – including that of its independence and autonomy – and in observance of the spirit of a co-operative

<sup>1</sup> The figures for registered and ordinary shareholders are taken from dividend payment requests (May 2014).

bank as established by the general criteria approved by the Supervisory Board. In 2014 7,808 applications for admission to registered shareholder status were received, which were all accepted. [☞ Reports and Accounts 2014 p. 50\*-52\*]



Registered shareholders have formed associations in some of the main towns and cities in which the Group is present. [☞ Reports and Accounts 2014 p. 11\*\* -12\*\*]

The share capital as at 31<sup>st</sup> December 2014 was composed of 901,748,572 shares with no nominal value, listed by Borsa Italiana on the Mercato Telematico Azionario (MTA - electronic stock exchange) in the FTSE MIB index (companies with the largest capitalisation) and on the "after hours" market (TAH). [☞ Reports and Accounts 2014 p. 48\*]

The share is covered by national and international analysts (24 brokerage houses, 18 of which international) and is also included in 83 of the main international stock market indices<sup>2</sup> and in some of the most important national and international ethical and sustainability indices:



ECPI EMU Ethical Equity,  
FTSE ECPI Benchmark



FTSE4Good Global,  
FTSE4Good Europe



Euro Ethical Index,  
Euro CSR Index,  
Sustainable Index  
(rating A++)



Italian Index,  
Italian Banks Index  
(rating EE)



ESI Excellence Europe Index  
ESI Excellence EURO Index



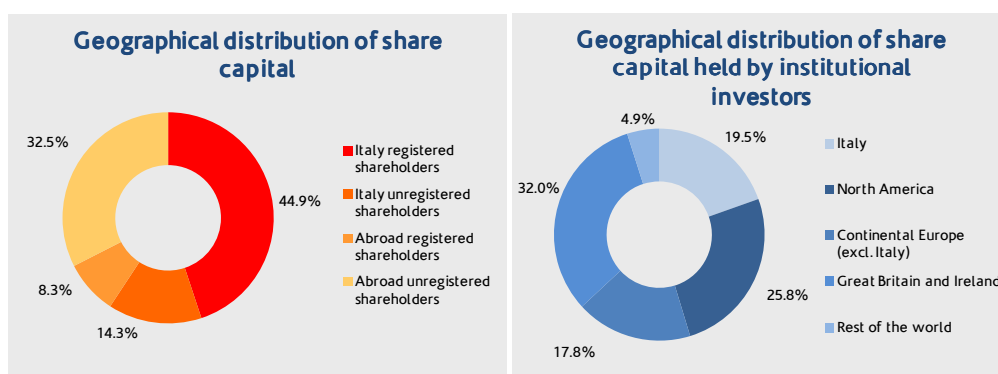
Rating Outperformer

☞ <http://www.ubibanca.it/pagine/Analysts-area-EN.aspx>

☞ <http://www.ubibanca.it/pagine/Ratings-and-Ethical-Indexes-EN.aspx>

<sup>2</sup> Data as at 15/01/2015 , source Bloomberg.

According to the results of the latest survey conducted on the composition of shareholders completed at the end of October 2014, institutional investors identified by name hold over 42% of the share capital. These are investors who operate mainly with a medium to long-term time horizon: value style (40%), index style (31.4%), and growth style (14.4%).



## 2.7 MARKETS SERVED

☞ 2.2, 2.3 and 2.5

The Group operates mainly on the Italian domestic market, integrating ordinary retail banking business with the activities of the product companies.

## 2.8 SCALE OF THE GROUP<sup>3</sup>

The UBI Banca Group is the third largest banking group in Italy by stock market capitalisation, fourth for funding and lending and fifth by number of branches. Among “popular” co-operative banks, it is the largest by stock market capitalisation and also for funding and lending and it is the second largest by number of branches.

ECONOMIC DIMENSION (thousands of euro)	2014	2013	2012
Funding from customers	169,099,677	164,255,722	168,981,944
of which:			
<i>indirect funding</i>	75,892,408	71,651,786	70,164,384
<i>assets under management</i>	43,353,237	39,553,848	38,106,037
Net loans to customers	85,644,223	88,421,467	92,887,969
Total assets	121,786,704	124,241,837	132,433,702
Stock market capitalisation <sup>1</sup>	5,374,421	4,440,210	3,160,623
Equity <sup>2</sup>	9,804,048	10,339,392	9,737,882
Revenues	5,086,725	5,329,470	5,718,861
Profit for the year	(725,767)	250,830	82,708
Economic value created	2,747,782	2,585,515	2,743,613
Contributions to communities for donations and sponsorships	10,997	12,515	13,986

<sup>1</sup> Official price at the end of the year.

<sup>2</sup> Inclusive of profit/loss for the year.

<sup>3</sup> Sum of items 10, 40, 70, 80, 90, 100, 110, 220 e 240 of the Consolidated Income Statements.

ENVIRONMENTAL DIMENSION	2014	2013	2012
Total floor area of offices and branches (sq.m.) <sup>1</sup>	977,068	1,001,478	1,004,519
Energy consumption (Gj) <sup>2</sup>	584,997	668,664	699,069
CO <sub>2</sub> Emissions (tons) <sup>2</sup>	11,480	21,184	14,912
Paper consumption (tons)	2,245	2,167	2,324
Waste products (tons)	1,748	1,861	1,898
Portfolio of loans granted for environmental investments (€million)	2,058	2,170	2,500

<sup>1</sup> Floor area on which environmental data are calculated

<sup>2</sup> Corporate mobility with planes, trains and cars owned by employees is not included

<sup>3</sup> The market positioning was calculated by the UBI Banca Strategic Planning Service by comparing the following:

- for lending, funding and branches, the annual and interim financial reports of the main banking groups (data as at 30/09/2014);
- for capitalisation, the Bloomberg market cap data for the last stock market trading day in the reporting year.

SOCIAL DIMENSION	2014	2013	2012
Personnel <sup>1</sup>	18,168	18,366	19,139
of which:			
employees <sup>2</sup>	18,144	18,350	19,105
permanent	98.9%	99.0%	99.5%
Women in management positions (out of total senior managers)	9.9%	9.7%	9.2%
Customers (thousands)	3,753	3,722	3,712
of which private individuals	89.1%	88.9%	88.9%
Shareholders <sup>3</sup>	151,992	151,533	149,848
of which registered shareholders <sup>3</sup>	79,237	94,544	83,690
Suppliers	10,120	10,182	10,378
of which strategic and/or regular on the approved list	818	763	863

<sup>1</sup> The figure includes the associate workers at the end of the year.

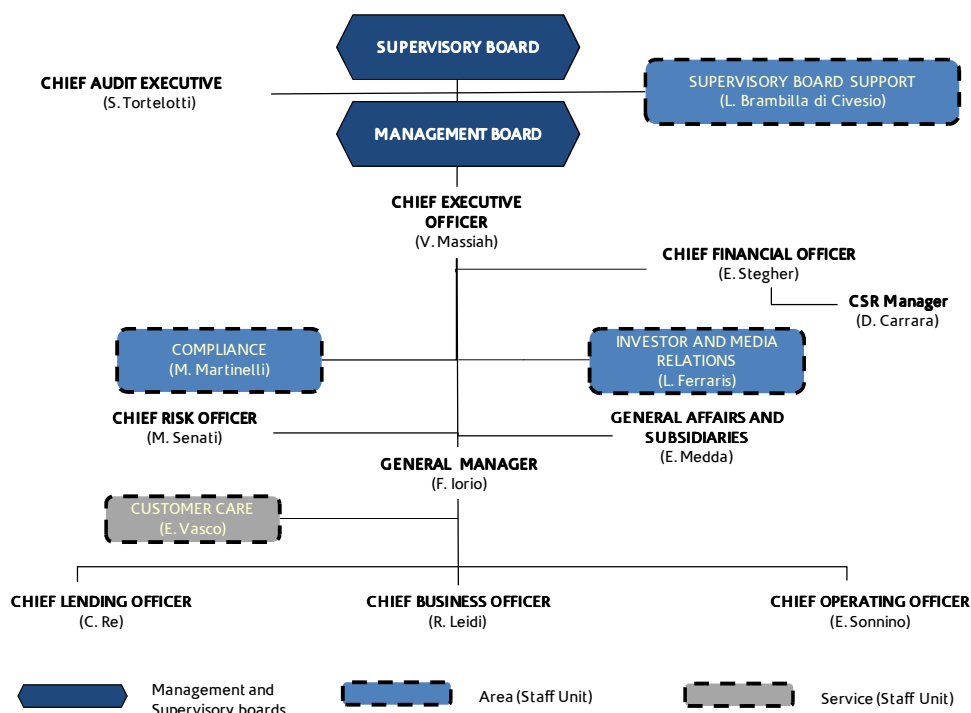
<sup>2</sup> Recognised on the payroll.

<sup>3</sup> The number of the registered shareholders is that resulting from the Book members at year-end. The reduction compared to 2013 is due the change in the Articles of Association which expressly provides for the exclusion of those members who have not retained the minimum possession of 250 shares.

## 2.9 SIGNIFICANT ORGANISATIONAL CHANGES

Significant organisational changes in 2014 involved the distribution network and the organisational structure of the Group, to be completed by the end of the first half of 2015, with changes to the organisation model, the branch network and the workforce [☞ Reports and Accounts 2014 p. 38-39] and with rationalisation of corporate ownership [☞ Reports and Accounts 2014 p. 41-42] and central units at the Parent and at UBI Sistemi e Servizi, to implement supervisory provisions and to strengthen co-ordination and oversight of product company activities .

### Organisational structure of UBI Banca



**2.10  
AWARDS RECEIVED  
IN THE REPORTING  
PERIOD**

The quality and value of UBI Banca's presence on the market has been recognised again and again over the years with the award of various prizes.

After winning the **National Prize for Innovation in 2013** (known as the "Prize of Prizes") awarded by the President of the Italian Republic following the award of **the Italian Banking Association Prize** for innovation in banking services in the "The Charitable Bank" category, again in 2014 UBI Banca received recognition for the quality of its management and the innovative features of some of its products and services as did UBI Pramerica for the performance of some of its funds.

**Bank of the Year 2014**



UBI Banca was nominated **2014 Bank of the Year**<sup>4</sup> in Italy for the results it achieved in the reinforcement of its capital strength, lowering its risk profile, cost control and product innovation.

It was the only large Italian commercial bank, with a score second only to that of Mediobanca, to be awarded **five stars in the Lombard magazine 2014 super index**, which considers solidity, efficiency, profitability and asset quality over the last three years.

**2014 MF Innovation Award**



UBI Banca wins **first place in the digital financial services category** with the new **UBI Pay** app for mobile payments and **second place in the non-financial services category** with the **UBI World** platform for firms that do not wish to go beyond national borders.



**Innov@Retail Award**

UBI Banca wins the award with the prepaid card **Enjoy Ski**, for the app which makes it a ski pass valid in a number of ski resorts.

**2014 OF Miglior prepagata (Best prepaid)**



The UBI Banca **Like** card is awarded a prize by the Italian research institute OF Osservatorio Finanziario for the numerous additional and innovative services that it offers which include contactless technology and the possibility to apply for it online with a remote digital signature, eliminating the need for hardcopy documents and reducing purchasing times by up to 70%.

**2014 Grands Prix - Fundclass**<sup>5</sup>



UBI Pramerica was awarded a prize as the **best Italian asset management company in the "26-40 funds" category** for the best average performance on the basis of its range of products.

<sup>4</sup> Prize awarded by the periodical The Banker (Financial Times Group).

<sup>5</sup> Prize awarded by Fundclass, a fund analyst agency [[www.fundclass.com](http://www.fundclass.com)].



### 2013 Premio Alto Rendimento<sup>6</sup> (high yield prize)

UBI Pramerica Obbligazioni Dollari wins a prize as the **best America bond fund** and UBI Pramerica Obbligazioni Globali Alto Rendimento a prize as **the best international bond fund**.



### 2014 Diaman<sup>7</sup> Awards

The UBI Pramerica Privilege 4 fund wins a prize for **second best fund of funds in the "Balanced" category** on the basis of risk-adjusted performance in 2013.



### 2014 CFS Ratings<sup>8</sup> – Best over 10 years

UBI Pramerica Euro Corporate, UBI Pramerica Obbligazioni Globali Alto Rendimento and UBI Pramerica Azioni Mercati Emergenti appear among **the best funds "over 10 years"**.

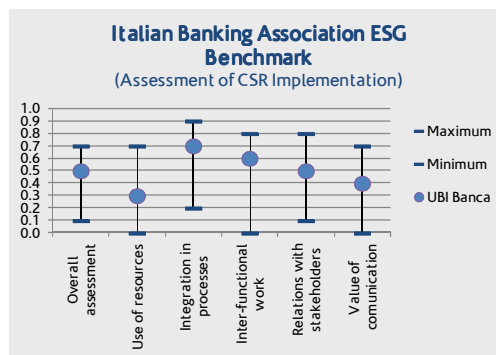


### AIRC "Believe in research" Prize

The Chairman of the Management Board receives the prize from the President of the Republic, for having interpreted the values of corporate social responsibility with concrete long-term projects to help the AIRC (Italian Association for Cancer Research), by involving employees and customers and with constant support from management.

UBI Banca also takes part in the **Italian Banking Association ESG Benchmark** index survey, which assesses the effective integration of social responsibility within corporate strategies and operations.

Fourteen major Italian banks and banking groups took part in the last survey carried out in 2013 and UBI Banca was positioned at a high level of assessment, even though it employed lower than average resources.



<sup>6</sup> An award granted by Il Sole 24 Ore to asset management companies and mutual investment funds for exceptional results over the last three years. Prizes are awarded on the basis of solid criteria which take account of various factors and are based on the fundamental value of protecting the interests of investors.

<sup>7</sup> An independent consulting firm which measures performance on the basis of the Diaman Ratio, a statistical indicator of the persistence of returns: it analyses the strength of trends (expected return) and the ability of a financial instrument to move around that trend (risk) [[www.diaman.it](http://www.diaman.it)].

<sup>8</sup> CFS Ratings, an independent consulting firm, assessed the products on the basis of an efficiency indicator which considers performance over ten years, inflation over ten years and the annual volatility of the fund calculated again over ten years [[www.cfsrating.it](http://www.cfsrating.it)].

## 3. Report parameters

### Report profile

#### 3.1 REPORTING PERIOD

The reporting cycle is annual. The reporting period for this document is from 1<sup>st</sup> January 2014 until 31<sup>st</sup> December 2014, the same as that of the consolidated financial report. It is the eighth consecutive report since the foundation of UBI Banca in 2007 and it was prepared by the Management Board and approved by the Supervisory Board. It is published, in Italian and translated into the English language, in electronic (PDF) format only, in the Social Responsibility section of the Group's corporate website.

#### 3.2 DATE OF THE MOST RECENT PREVIOUS REPORT

A hardcopy summary report is distributed to registered shareholders who attend Shareholders' Meetings, which presents the main highlights of the Social Report in a simple and direct manner. This document, which is also designed for use in official presentations of the Group, is printed in 35,000 copies in Italian and 200 copies in English and it is also published in electronic (PDF file) format in the Social Responsibility section of the Group's corporate website.

#### 3.3 REPORTING CYCLE

#### 3.4 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT OR ITS CONTENTS

The address for information on the 2014 Social Report and on the Social Responsibility section of the corporate website of the Group is:

UBI Banca Scpa  
Chief Financial Officer - CSR Manager  
Piazza V. Veneto, 8  
24122 Bergamo  
Tel. 035-392925  
Fax 035-392996  
email: bilancio.sociale@ubibanca.it

Copies of the summary report and of the full report (in both Italian and English) may be requested from the above address or by using the "toolbox" on the website [www.ubibanca.it](http://www.ubibanca.it).

### Report scope and boundary

#### 3.5 PROCESS FOR DEFINING REPORT CONTENT

The Social Report is aimed at those who wish to know and study the Group's approach to social responsibility and sustainability, to verify the consistency of its operations with its declared system of values and to assess the results achieved.

The contents of the document – principally of a non-accounting nature – are therefore defined through a process of identifying the relevant subjects and issues which is based on both the recommendations of the GRI model and indications that have arisen in the course of dialogue with stakeholders and an analysis of articles in the press.

In view of the coming adoption of the new G4 version of the GRI guidelines, an in-depth review of stakeholder priorities and relevant issues is in progress to define a "materiality matrix" as the new basis for formulating sustainability strategies and objectives.

The issues subject to closest attention during the reporting year, to which particular importance was also given in the summary document, are as follows:

- operating and financial performance consistent with the stringent requirements for sustainable capital strength and profitability in the medium to long- term;
- attentive monitoring of risks, inclusive of reputational risks;
- response to economic and social demands in the community, with special attention paid to support families and businesses hit by the economic crisis and by natural disasters and the development of commercial initiatives targeted at young people (young couples, students and the very young);
- support for the start-up and development of small to medium-size businesses with particular attention also paid to support "internationalisation" processes;



- commitment to the community in terms of donations to social initiatives, financial education programmes and the development of commercial initiatives targeted at Church and non-Church nonprofit organisations;
- protection and enhancement of human resources;
- conservation of the environment.

**3.6**  
**BOUNDARY OF THE**  
**REPORT**

Unless specified otherwise, the boundary of the report is that of the Consolidated Financial Statements and it is consistent with the guidelines contained in the GRI Boundary Protocol of 2005.

**3.7**  
**SPECIFIC LIMITATIONS**  
**ON THE SCOPE OR**  
**BOUNDARY OF THE**  
**REPORT**

The boundary of the data and information on the direct environmental impacts of the Group comprises the following companies: UBI Banca, UBI Sistemi e Servizi, UBI Academy, Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca Popolare di Ancona, Banca Carime, Banca di Valle Camonica, UBI Banca Private Investment and BPB Immobiliare. It amounts to:

- 977,068 sq m of indoor floor space (93.6% of the Group's indoor floor space);
- 17,291 employees (95.3% of Group employees) [[↗](#) 3.11].

**3.8**  
**COMPARABILITY**  
**BETWEEN PERIODS**  
**AND/OR GROUP**  
**ENTITIES**

No changes occurred during the reporting year in the Group's structure and activities which might affect the general comparability of the data with that of previous years. Any reasons which might make the historical data series for single indicators non-comparable are given in the respective tables and charts.

**3.9**  
**DATA MEASUREMENT**  
**TECHNIQUES AND**  
**THE BASES OF**  
**CALCULATIONS**

The data and information reported in this report is drawn from different corporate IT systems, such as for example, the operational control system, the personnel management system, the general accounting system and the CRM commercial database. Data for which there is no single Group management system (e.g. social contributions paid in the form of donations and sponsorships) has been acquired for each single company and then aggregated centrally. Unless specified otherwise, the charts relate to the reporting year.

In order to ensure the maximum reliability and significance of the qualitative and quantitative indicators, it was decided to give preference to information taken directly from the Group's databases, thereby reducing recourse to estimates as much as possible, which when used are nevertheless based on reliable information available or on sample data. In order to calculate the monetary value of donations in kind, 10% of the historical purchase cost of the goods donated was used, which represents a good approximation of the cost incurred by the bank to recondition them.

Any changes in measurement techniques and the bases of calculation are properly reported in the document.

**3.10**  
**EFFECT OF ANY**  
**RESTATEMENT OF**  
**INFORMATION**  
**PROVIDED IN EARLIER**  
**REPORTS AND THE**  
**REASONS OF SUCH**  
**RESTATEMENT**

Where indicators and quantitative data are given in the report, figures for the previous two years have been calculated where possible. Any changes made to information contained in previous reports are reported in footnotes to tables, charts and texts.  
[[↗](#) 3.11, EN4, EN16, EN17].

**3.11**  
**SIGNIFICANT**  
**CHANGES FROM**  
**PREVIOUS REPORTING**  
**PERIODS IN THE**  
**SCOPE, BOUNDARY**  
**OR MEASUREMENT**  
**METHODS**

No changes occurred during the reporting period in the methods of measurement with respect to previous years, except for the data on mobility for which the methods were refined for calculating distances of journeys made with different means of transport. The tables below give the coefficients used to calculate energy consumption (EN3 and EN4) and emissions (EN16 and EN17).

ENERGY SOURCE	COEFFICIENT FOR CALCULATING EMISSIONS EN3 AND EN4		
<b>Heating</b>			
Natural Gas	0.82	TOE/1,000m <sup>3</sup>	0.03428 GJ/Mc
Gasoil (density 0,84 Kg/l)	1.08	TOE/Ton	42.62 GJ/Ton
LPG (density 0,54 Kg/l)	1.1	TOE/Ton	46.11 GJ/Ton
<b>Transport</b>			
Petrol (density 0,74 Kg/L)	1.2	TOE/Ton	43.7 GJ/Ton
Gasoil (density 0,84 Kg/l)	1.08	TOE/Ton	42.90 GJ/Ton
LPG (density 0,54 Kg/l)	1.1	TOE/Ton	46.11 GJ/Ton
<b>Other</b>			
Photovoltaic	0.000187	TOE/kWh	0.0036 GJ/kWh
District heating	0.086	TOE/mWh	0.0036 GJ/kWh
Electricity purchased	0.000187	TOE/kWh	0.0036 GJ/kWh

ENERGY SOURCE	COEFFICIENT FOR CALCULATING EMISSIONS EN16				
	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	NO <sub>x</sub>	SO <sub>x</sub>
<b>Heating</b>					
Natural gas	1.951 Kg/Mc	0.0857 G/Mc	0.03428 G/Mc	2.417993 G/Mc	0.017271 g/Mc
Gasoil	3,141 Kg/Ton	298.3 G/Ton	85.24 G/Ton	2.46877 G/L	4.937541 G/L
LPG	2,994 Kg/Ton	46.1 G/Ton	92.20 G/Ton		
<b>Transport</b>					
Petrol	3,109 Kg/Ton	887.1 G/Ton <sup>1</sup>	63.8 G/Ton <sup>1</sup>		
Gasoil	3,138 Kg/Ton	55.8 G/Ton <sup>1</sup>	112.4 G/Ton <sup>1</sup>		
LPG	0.003 Kg/Ton	0.3810 Kg/Ton	0.06316 kg/Ton		
<b>Other</b>					
Electricity	385.3 G/kWh <sup>1</sup>	0.0174 G/kWh <sup>1</sup>	0.0045 G/kWh <sup>1</sup>	0.49 G/kWh	0.54 G/kWh

TRANSPORT	COEFFICIENTS FOR CALCULATING EN17 EMISSIONS	
	CO <sub>2</sub>	CO <sub>2</sub> e
Employee personal vehicles <sup>1</sup>	0.16173 Kg/Km	0.16348 Kg/Km
Train <sup>2</sup>	0.04710 Kg/Km	0.04738 Kg/Km
Airplane <sup>3</sup>	0.27846 Kg/Km	0.27996 Kg/Km

<sup>1</sup> Coefficients for cars (source ISPRA).

<sup>2</sup> Coefficients by DEFRA guideline for National Rail.

<sup>3</sup> Average of the coefficients by DEFRA guideline for Domestic, Short-haul international and Long-haul International flights, weighted on total kilometers traveled by employees by type of route

## GRI Contents

The 2014 Social Report has been prepared according to the table of contents of **version G3.1 of the Guidelines for Sustainability Reporting (2011)** and the **Supplement for the Financial Sector (2008)** issued by the Global Reporting Initiative. Additionally, in view of the coming transition to the new model, a selection of indicators drawn from the GRI-G4 version has been added in the 2014 Social Report. Account was also taken when defining the specific contents of the various indicators of the guidelines formulated by the Italian Banking Association in **"Reporting to Stakeholders"**. This is a **"Guide for Banks"** (2006) and rules for periodic "Communication on Progress" required by the Global Compact of all the organisations which have signed the compact.

As concerns the depth of the reporting, the GRI/G3.1 model contains three different levels of application marked by a "+" sign where it is audited by an independent entity. UBI Banca has declared an **A+ level**.

### 3.12 CONTENT OF THE REPORT

INDICATOR G3.1	TYPE	DESCRIPTION	COVERAGE	PAGE	GLOBAL COMPACT PRINCIPLES
1.1	Core	Statement from the Chairmen	Full	1	
1.2	Core	Key impacts, risks and opportunities	Full	3	
2.1	Core	Name of the organization	Full	4	

INDICATOR G3.1	TYPE	DESCRIPTION	COVERAGE	PAGE	GLOBAL
					COMPACT PRINCIPLES
2.2	Core	Primary brands, products and services	Full	4	
2.3	Core	Operational structure	Full	4	
2.4	Core	Location of headquarters	Full	5	
2.5	Core	Countries where the group operates	Full	5	
2.6	Core	Nature of the ownership and legal form	Full	7	
2.7	Core	Market served	Full	9	
2.8	Core	Scale of the group	Full	9	
2.9	Core	Significant organizational changes	Full	10	
2.10	Core	Awards received in the reporting period	Full	11	
3.1	Core	Reporting period	Full	13	
3.2	Core	Date of the most recent previous report	Full	13	
3.3	Core	Reporting cycle	Full	13	
3.4	Core	Contact point for questions regarding the report or its contents	Full	13	
3.5	Core	Process for defining report content	Full	13	
3.6	Core	Boundary of the report	Full	14	
3.7	Core	Specific limitations on the scope or boundary of the report	Full	14	
3.8	Core	Bases for reporting that can significantly affect comparability from period to period and/or between organizations	Full	14	
3.9	Core	Data measurement techniques and the bases of calculations	Full	14	
3.10	Core	Effect of any re-statement of information provided in earlier reports and the reasons of such re-statement	Full	14	
3.11	Core	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	Full	14	
3.12	Core	Contents of the report	Full	15	
3.13	Core	Policy and practice for external assurance	Full	20	
4.1	Core	Governance structure	Full	22	1-10
4.2	Core	Executive chairman	Full	22	1-10
4.3	Core	Independent and/or not executive administrators	Full	22	1-10
4.4	Core	Mechanisms for shareholders and employees to provide recommendations to the highest governance body	Full	23	1-10
4.5	Core	Linkage between management compensation and performance	Full	23	1-10
4.6	Core	Conflict of interests	Full	23	1-10
4.7	Core	Qualifications of the administrators	Full	23	1-10
4.8	Core	Mission, values, codes of conduct and principles	Full	24	1-10
4.9	Core	Procedures for the identification and management of economic, environmental and social performance	Full	25	1-10
4.10	Core	Processes for evaluating the highest governance body's own performance	Full	26	1-10
4.11	Core	Modality of application of the precautionary approach	Full	28	7
4.12	Core	Adoption of codes and principles external	Full	28	1-10
4.13	Core	Participation in associations	Full	29	1-10
4.14	Core	Stakeholder groups engaged	Full	29	
4.15	Core	Modality of selection of stakeholders	Full	29	
4.16	Core	Approach to stakeholder engagement	Full	29	
4.17	Core	Key topics and concerns that have been raised through stakeholder engagement and responses	Full	29	
FS1	Core	Environmental and social policies applied to business	Full	31	
FS2	Core	Procedures for assessing environmental and social risks in business	Full	32	
FS3	Core	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Full	32	
FS4	Core	Processes for improving staff competency to implement the environmental and social policies as applied to business	Full	33	

INDICATOR G3.1	TYPE	DESCRIPTION	COVERAGE	PAGE	GLOBAL
					COMPACT PRINCIPLES
FS5	Core	Interactions with clients, investees and business partners about environmental and social risks and opportunities	Full	33	
FS6	Core	Customers by business lines, region, size and sector	Full	33	
FS7	Core	Products and services with specific social benefit	Partial	34	
FS8	Core	Products and services with specific environmental benefit	Full	37	
FS9	Core	Audits on implementation of environmental and social policies and risk assessment procedures	Partial	38	
FS10	Core	Relations with investees on environmental and social issues	Full	39	
FS11	Core	Companies held in the portfolio with which the organization has interacted on environmental or social issues	Full	39	
FS12	Core	Voting policies on environmental or social issues	Full	39	
EC1	Core	Direct economic value generated and distributed	Full	40	
EC2	Core	Financial implications, risks and opportunities due to climate change	Full	41	7
EC3	Core	Coverage of the defined benefit plan obligations	Full	42	
EC4	Core	Significant financial assistance received from government	Full	42	
EC5	Additional	Standard entry level wage by gender compared to local minimum wage	Full	42	1
EC6	Core	Policy, practices and proportion of spending on locally-based suppliers	Full	42	
EC7	Core	Hiring from local personnel	Full	44	6
EC8	Core	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind or pro bono engagement	Full	44	
EC9	Additional	Significant indirect economic impacts	Full	54	
EN1	Core	Materials used	Full	55	8
EN2	Core	Recycled raw materials	Full	56	8,9
EN3	Core	Direct energy consumption by source	Full	56	8
EN4	Core	Indirect energy consumption by source	Full	56	8
EN5	Additional	Energy saved due to conservation and efficiency improvements	Partial	58	8,9
EN6	Additional	Initiatives to provide energy-efficient or renewable energy based products and services	Full	58	8,9
EN7	Additional	Initiatives to reduce indirect energy consumption and reductions achieved	Full	59	8,9
EN8	Core	Total water withdrawal by source	Full	59	8
EN9	Additional	Water sources significantly affected by withdrawal	Not relevant	59	8
EN10	Additional	Water recycled and reused	Not relevant	59	8,9
EN11	Core	Lands in protected or of high biodiversity areas	Full	59	8
EN12	Core	Impacts of activities, products and services on biodiversity	Not relevant	59	8
EN13	Additional	Habitats protected or restored	Not relevant	59	8
EN14	Additional	Strategies and actions for managing impacts on biodiversity	Not relevant	59	8
EN15	Additional	Protected species in area where the organization operates	Not relevant	59	8
EN16	Core	Total direct and indirect greenhouse gas emissions	Full	60	8
EN17	Core	Other indirect greenhouse gas emissions	Full	60	8
EN18	Additional	Initiatives to reduce greenhouse gas emissions and reductions achieved	Full	61	7,8,9
EN19	Core	Emissions of ozone-depleting substances	Full	61	8
EN20	Core	Other significant air emissions	Full	61	8
EN21	Core	Water discharge	Full	62	8
EN22	Core	Waste by type and disposal method	Full	62	8
EN23	Core	Significant pollutant spills	Not relevant	62	8
EN24	Additional	Hazardous wastes	Full	62	8

INDICATOR G3.1	TYPE	DESCRIPTION	COVERAGE	PAGE	GLOBAL COMPACT PRINCIPLES
EN25	Additional	Water habitats affected by discharges	Not relevant	62	8
EN26	Core	Initiatives to mitigate environmental impacts of products and services	Full	62	7,8,9
EN27	Core	Products sold and their packaging materials that are reclaimed	Not relevant	62	8,9
EN28	Core	Significant fines and non monetary sanctions for non-compliance with environmental laws	Full	63	8
EN29	Additional	Significant environmental impacts of transporting products and materials used and of transporting of the personnel	Full	63	8
EN30	Additional	Environmental protection expenditures and investments	Full	63	7,8,9
LA1	Core	Profile of the Personnel	Full	64	
LA2	Core	Turnover	Full	65	6
LA3	Additional	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Full	67	
LA15	Core	Return to work and retention rates after parental leave	Full	68	
LA4	Core	Employees covered by collective bargaining agreements	Full	69	1,3
LA5	Core	Minimum notice periods regarding operational changes	Full	69	3
LA6	Additional	Workforce represented in formal joint management-worker health and safety committees	Full	69	1
LA7	Core	Injury, diseases and absenteeism	Partial	69	1
LA8	Core	Education, training, prevention and risk-control for the health and safety of workforce members and their families	Full	72	1
LA9	Additional	Health and safety topics covered in formal agreements with trade unions	Full	73	1
LA10	Core	Average hours of training per employee	Full	74	
LA11	Additional	Programs for skill management and lifelong learning	Partial	76	
LA12	Additional	Percentage of employees receiving regular performance and career development reviews	Full	76	
LA13	Core	Composition of governance bodies and of employees per indicators of diversity	Full	77	1,6
LA14	Core	Remuneration of women compared to men	Full	78	1,6
HR1	Core	Investment agreements and contracts that include clauses on human rights or that have undergone human right screening	Full	79	1-6
HR2	Core	Suppliers and other business partners that have undergone human rights screening	Full	79	1-6
HR3	Core	Employee training in human rights	Full	79	1-6
HR4	Core	Incidents of discrimination and actions taken	Full	79	1,2,6
HR5	Core	Operations in which the right to freedom of association and collective bargaining may be at risk	Not relevant	80	1-3
HR6	Core	Operations with significant risk of child labour	Not relevant	81	1,2,5
HR7	Core	Operations with significant risk of forced labour	Not relevant	81	1,2,4
HR8	Additional	Security personnel trained on human rights	Not relevant	81	1,2
HR9	Additional	Violations of the rights of indigenous people and actions taken	Not relevant	81	1,2
HR10	Core	Operations that have been subject to human rights reviews and/or impact assessment on human rights	Full	81	
HR11	Core	Grievances related to human rights resolved through formal grievance mechanism	Full	81	
SO1	Core	Operations with implemented local community engagement, impact assessment and development programs	Full	82	
FS13	Core	Branches in low-populated or economically disadvantaged areas	Full	82	
FS14	Core	Initiatives to improve access to financial services for disadvantaged people	Full	82	
SO9	Core	Operations with negative impacts on local communities	Full	83	

INDICATOR G3.1	TYPE	DESCRIPTION	COVERAGE	PAGE	GLOBAL
					COMPACT PRINCIPLES
SO10	Core	Prevention and mitigation of negative impacts on local communities	Full	83	
SO2	Core	Business units analyzed for corruption risks	Full	84	10
SO3	Core	Employees trained on anti-corruption policies and procedures	Full	85	10
SO4	Core	Actions taken in response to incidents of corruption	Full	85	10
SO5	Core	Public policy development and lobbying activity	Full	85	1-10
SO6	Additional	Contributions to political parties, politicians and related institutions	Full	85	10
SO7	Additional	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Full	85	
SO8	Core	Significant sanctions for non compliance with laws and regulations	Full	85	
FS15	Core	Policies for the fair design and sale of products and services	Full	86	
FS16	Core	Initiatives to enhance financial literacy	Full	87	
PR1	Core	Lifecycle stages in which health and safety impacts of products are assessed for improvement and significant product and services categories subject to such procedures	Full	89	1
PR2	Additional	Incidents of non-compliance with regulations and voluntary codes concerning health and safety of product and services	Full	90	1
PR3	Core	Product and service information required by company's procedures	Full	90	8
PR4	Additional	Incidents of non-compliance with regulations and voluntary codes concerning product and service information	Full	90	8
PR5	Additional	Practices of customer satisfaction, including results of surveys measuring	Full	91	
PR6	Core	Compliance with laws, standards and voluntary codes related to marketing communication	Full	93	
PR7	Additional	Incidents of non-compliance with regulations and voluntary codes concerning marketing and advertising	Full	93	
PR8	Additional	Complaints regarding breaches of privacy and losses of data of customer	Full	93	1
PR9	Core	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	Full	94	

The table includes only performance indicators. The disclosure on management approach (DMA) is included in the introduction to the specific reporting areas.

INDICATOR	DESCRIPTION	PAG.
G4-35	Process for delegating authority for economic, environmental and social topics	26
G4-36	Process for delegating authority to executive-level positions with responsibility for economic, environmental and social topics	26
G4-52	Process for determining remuneration	27
G4-53	Stakeholder and remuneration	28
G4-54	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees	28
G4-55	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees	28
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour	24
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour	24
G4-EN5	Energy intensity	56
G4-EN18	Greenhouse gas emissions intensity	60

## Assurance

As with previous reports, the 2014 Social Report has been audited by an independent entity. The independent auditors Deloitte & Touche S.p.A., also engaged for the audit of the separate and consolidated financial statements of UBI Banca, were appointed for the period 2012-2020. The auditor also verifies the level of application of the GRI model declared by the bank.



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### AUDITORS' REVIEW REPORT ON THE SOCIAL REPORT

To the Management Board of  
UNIONE DI BANCHE ITALIANE S.c.p.A.

1. We have reviewed the social report of the Unione di Banche Italiane Group (the "Group") as of December 31, 2014. The Management Board of Unione di Banche Italiane S.c.p.A. is responsible for the preparation of the social report in accordance with "Sustainability Reporting Guidelines & Financial Services Sector Supplement" issued in 2008 and the "Sustainability Reporting Guidelines" (version G3.1) issued in 2011 by GRI – Global Reporting Initiative, as stated in the paragraph "Report parameters", as well as for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. The Management Board is also responsible for the identification of stakeholders and of significant aspects to report, as well as for the implementation and maintenance of appropriate management and internal control processes with reference to data and information presented in the social report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for review engagements established by the *International Standards Engagement 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information* ("ISAE 3000"), issued by the *International Auditing and Assurance Standards Board* of the *International Federation of Accountants* ("IFAC"). That standard requires the compliance with ethical principles ("Code of Ethics for Professional Accountants" issued by IFAC), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the social report is free from material misstatements. A limited assurance engagement on the social report consists of making inquiries, primary with company personnel responsible for the preparation of the information included in the social report, analysing the social report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
  - comparing the economic and financial information and data included in the paragraph "Economic Performance" of the social report with those included in the consolidated financial statements of the Unione di Banche Italiane Group as of December 31, 2014, on which we issued the auditor's report dated March 6, 2015 pursuant to articles 14 and 16 of Legislative Decree No. 39 of January 27, 2010;
  - analysing how the processes underlying the generation, recording and management of quantitative data included in the social report operate. In particular, we have performed the following procedures:
    - interviews and discussions with delegates of the Group, to gather information on the information, accounting and reporting systems used in preparing the social report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the social report;

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova  
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.  
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239  
Partita IVA: IT 03049560166

- analysis, on a sample basis, of the documentation supporting the preparation of the social report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the social report;
- analysing the compliance of the qualitative information included in the social report and its overall consistency in relation to the guidelines referred to in paragraph 1 of this review report, in particular with reference to the social strategy and policies and the determination of significant aspects for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of personnel involved, through analysis of the minutes of the meetings or any other available information about the significant features identified in the stakeholder involvement process;
- obtaining the representation letter signed by the Chairman of the Management Board of Unione di Banche Italiane S.c.p.A. on the compliance of the social report with the guidelines referred to in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in an audit.

For the data and information relating to the social report of the prior year presented for comparative purposes, reference should be made to our review report dated April 23, 2014.

3. Based on the procedures performed, nothing has come to our attention that causes us to believe that the social report of the Unione di Banche Italiane Group as of December 31, 2014 is not prepared, in all material respects, in accordance with the “*Sustainability Reporting Guidelines & Financial Services Sector Supplement*” issued in 2008 and the “*Sustainability Reporting Guidelines*” (version G3.1) issued in 2011 by GRI – *Global Reporting Initiative*, as stated in the paragraph “Report parameters”.

DELOITTE & TOUCHE S.p.A.

*Signed by*  
Marco Miccoli  
Partner

Milan, Italy  
April 20, 2015

*This report has been translated into the English language solely for the convenience of international readers.*



## 4. Governance, commitments and stakeholder engagement

### Governance

#### 4.1 GOVERNANCE STRUCTURE

The UBI Banca governance model complies with the measures and principles for listed issuers and banks contained in the **Consolidated Banking Act** and the relative regulations to implement it adopted by the Consob (Italian securities market authority) and in the **Borsa Italiana Spa Corporate Governance Code for Listed Companies**. UBI Banca has adopted a system in which governance functions are divided between a **Supervisory Board** and a **Management Board**.

#### 4.2 EXECUTIVE CHAIRMAN

#### 4.3 INDEPENDENT AND/OR NON- EXECUTIVE BOARD MEMBERS

LA13

### Supervisory Board

While observing the principle of collegial responsibility in the performance of its duties, the Supervisory Board has created specific internal committees with policy setting, advisory and fact-finding functions: an **Appointments Committee**, a **Remuneration Committee**, an **Internal Control Committee**, an **Accounts Committee** and a **Related and Connected Parties Committee**. All Supervisory Board Members are independent in accordance with article 148, paragraph 3 of the Consolidated Finance Act and twenty of their number are also independent in terms of the requirements of the Corporate Governance Code for Listed Companies. The Supervisory Board met 21 times in 2014 and the average length of the meetings was five hours with average attendance of 97%.

[ Reports and Accounts 2014 p. 14\*\*-37\*\*]

### Management Board

The management commitments and responsibilities of the Board Members are also carried out by appointments to positions in the managing bodies of the main subsidiaries of UBI Banca, which actively helps to ensure that the various Group companies comply with instructions issued by the Parent in the exercise of its management and co-ordination activities. In accordance with the Articles of Association, at least one member of the Management Board must possess the requirements of independence pursuant to Art. 148, paragraph 3 of Legislative Decree No. 58 of 24<sup>th</sup> February 1998, in compliance with Art. 147 *quater* of the Consolidated Finance Act. The members of the Management Board are not required to meet the requisites of independence in the Corporate Governance Code, due, amongst other things, to the decision made by UBI Banca to form internal committees within the Supervisory Board provided for by that code for which those requisites are required. The Management Board met 29 times in 2014 and the average length of the meetings was five hours with average attendance of 97%.

[ Reports and Accounts 2014 p. 37\*\*-44\*\*]

### Board of Arbitrators

In view of the co-operative form of the Bank, the Articles of Association also provide for a **Board of Arbitrators** to which each registered shareholder may appeal to settle any disputes relating to the interpretation or application of the Articles of Association and to any other resolutions or decisions taken by the governing bodies of the Bank concerning corporate affairs. Its members remain in office for three years and may be re-elected.

[ Reports and Accounts 2014 p. 44\*\*-45\*\*]

#### 4.4 Mechanisms for shareholders and employees to provide recommendations to the highest governance body

Ordinary and extraordinary shareholders' meetings may be convened by registered shareholders on presentation of a request giving details of the agenda, which must be signed by at least one twentieth of the Registered Shareholders in possession of voting rights on the date of the request. In compliance with the procedures, according to the terms and within the time limits set by law, a number of registered shareholders not less than one fortieth of those with the right to take part in a shareholders' meeting, may make an application in writing for additions to be made to the agenda to be dealt with in the Shareholders' Meeting and they may also submit proposals for resolutions on matters already on the agenda.

The functioning of Shareholders' Meetings is regulated by special Regulations for Shareholders' Meetings, (adopted by a shareholders' resolution and published in the Corporate Governance and Shareholders' sections of the corporate website of the Bank), which governs procedures for Registered Shareholders to speak and reply.

If they are Registered Shareholders of the Bank, employees may attend meetings with the right to speak, according to the same procedures applicable to all Registered Shareholders, with the sole limitation that they may not act as proxies. Demands and appeals may also be made by company and Group representatives in periodic meetings required under the various labour contract procedures and in other opportunities for meetings, such as equal partnership commissions and bi-lateral observatories on corporate social responsibility, corporate climate, training and equal opportunities matters.

[ [☞ Reports and Accounts 2014 p. 10\\*\\*-11\\*\\*, 57\\*\\*-59\\*\\*](#) ]

#### 4.5 LINKAGE BETWEEN MANAGEMENT COMPENSATION AND PERFORMANCE

The principles and procedures for Management remuneration are regulated as part of **Group remuneration and incentive Policies**, which provide for remuneration packages differentiated in terms of fixed, variable and benefit components depending on the category to which staff belong.

The variable component of remuneration is mainly based on performance measurement (by incentive schemes), on both an annual and long-term basis in order to involve and orient staff towards medium to long-term strategies, by recognising the value of individual and team contributions.

Measurement of performance is based primarily on operating and financial indicators consisting of capital and liquidity ratios (defined under the "Risk appetite framework of the UBI Banca Group" policy and the "Policy to Manage Financial Risks of the UBI Banca Group") and risk-adjusted indicators of profitability. Specific additional objectives, both quantitative and qualitative, are identified in accordance with the activities carried out by each role. ESG indicators are not currently used except with regard to customer satisfaction.

Exclusion and clawback clauses exist in relation to fraudulent conduct or gross negligence, although no application of these occurred in 2014. No discretionary forms of pension scheme exist.

#### 4.6 CONFLICTS OF INTEREST

The Bank pays particular attention to transactions with related parties to ensure they are carried out properly both in form and substance. [ [☞ Reports and Accounts 2014 p. 157,384, 46\\*-47\\*, 74\\*\\*-78\\*\\*](#) ]

#### 4.7 QUALIFICATIONS OF THE BOARD MEMBERS

The curricula vitae of the members of the Supervisory Board, the Management Board and the General Management of the Parent are available on the website of the Parent together with the Articles of Association, which identify professional requirements for the members of governing bodies.

[ [☞ http://www.ubibanca.it/pagine/Supervisory-Board-EN.aspx](http://www.ubibanca.it/pagine/Supervisory-Board-EN.aspx) ]

[ [☞ http://www.ubibanca.it/pagine/Management-Board-EN.aspx](http://www.ubibanca.it/pagine/Management-Board-EN.aspx) ]

[ [☞ http://www.ubibanca.it/pagine/Corporate-Documents-EN-9.aspx](http://www.ubibanca.it/pagine/Corporate-Documents-EN-9.aspx) ]

In 2011 UBI Banca put a structured process in place, entitled “**Senior Leadership Succession**”, to select and assess managers within the Group for consideration by the Appointments Committee, the Supervisory Board and the Management Board as potential candidates for senior executive positions and for those of Chief Executive Officer and General Manager in particular.

Periodically each manager with key management roles in the Group is assessed by means of individual interviews conducted by a leading specialised firm (Egon Zehnder International) and receives feedback which forms part of individual career development plans designed to strengthen the quality of UBI Banca’s management. The firm provides an analysis of the strengths, areas for improvement and all round perception of each manager as well as a summary assessment of general potential and also specific potential for the selection of the best candidates for succession to the position of General Manager and/or Chief Executive Officer.

The results of the “Senior Leadership Succession” process are discussed and validated by the Chairman of the Appointments Committee, the Chairman of the Supervisory Board and the Senior Deputy Chairman of the Supervisory Board jointly with the Chairman and Deputy Chairman of the Management Board. In cases of early or unexpected substitution of the General Manager and/or Chief Executive Officer, these results represent a point of reference for decisions relating to new appointments and for the assessment of potential candidates.

The Appointments Committee also evaluates the adequacy of succession plans while the boards are functioning for the senior positions on the Management Board and Senior Management, and the professional profiles and requirements of those currently holding office and any candidates there may be to succeed them.

UBI Banca has also had a structured “**Management Appraisal**” process in place since 2009, designed to enhance the development of Group managers and to enable the selection of successors in the short and medium term for the key positions and/or for managers who report directly to the Chief Executive Officer and the General Manager.

The “management appraisal” process is also conducted by Egon Zehnder International with methods, output and procedures similar to those described above for the “senior leadership succession” process. The results of the “management appraisal” process are validated by the Chief Executive Officer and by the General Manager and they are discussed with the Chairman and Deputy Chairman of the Management Board and with the Chairman and Senior Deputy Chairman of the Supervisory Board.

[🔗 Reports and Accounts 2014 p. 20\*\*-21\*\*, 30\*\*]

**4.8**  
**MISSION, VALUES,**  
**CODES OF CONDUCT**  
**AND PRINCIPLES**

**G4-57**  
**ADVICE ON ETHICAL**  
**AND LAWFUL**  
**BEHAVIOUR**

**G4-58**  
**REPORTS OF**  
**UNETHICAL OR**  
**UNLAWFUL**  
**BEHAVIOUR**

For UBI Banca “*Fare Banca Per Bene*” means creating a vision of a bank in which you can trust, a bank recognised on the market for its way of management based on a constant sense of ethics, transparency and integrity in business. It means believing in strong and shared values and putting them into practice in observance of principles and rules of conduct which are not seen as limitations, but as the way to establish our identity on the market. The Group’s mission, values and principles are formally set out in its Charter of Values and Code of Ethics, which are based, amongst other things, on the principles of the UN Global Compact.

Our **Charter of Values**, approved in January 2008, identifies the mission, vision and values on which the Group has based its identity and the conduct of all personnel in their relationships with customers and with all other stakeholders as much in its strategic choices as in its everyday business.

The **Code of Ethics** was approved at the end of 2010 by the Management Board and by the Supervisory Board of UBI Banca. It was officially adopted by the banks and companies in the Group when it was approved by their respective governing bodies and it was distributed to other equity investees of the Bank who have agreed to maintain conduct consistent with the principles contained in it. It has been communicated to personnel through the consultation of internal regulations on the corporate intranet and in hardcopy form for companies who have no access to that portal and it is also published on the Group website. A copy of the Code is delivered to

members of corporate bodies, to newly recruited personnel and to all those who do business with the Group under contract or who represent the Bank without being subordinate to it, when a relationship is established. Major suppliers are required to sign a declaration of acceptance as part of the respective contract documents.

The Group CSR Manager provides support and advice for training and communication activities and for the interpretation and implementation of the principles of the Code of Ethics.

Any reports of problems concerning **unethical or unlawful behaviour** in addition to questions relating to **corporate integrity** are regulated by the Code of Ethics. The Chief Audit Executive (chief of audit at the Parent and for the Group) is responsible for receiving reports (which may also be received at a dedicated email address **codice.etico@ubibanca.it**) and for carrying out the relative inspections.

The Internal Audit Function makes a record of reports received, carries out an initial assessment to determine the importance and then forwards them to bodies with management and control functions and:

- to the Supervisory Body, if the alleged violation is significant for the purposes of regulations pursuant to Legislative Decree No. 231/01;
- to the organisational unit that manages relations with the stakeholder who has committed the alleged violation, or the relative body in question, in other cases.

Anonymous reports are not admissible but the Code requires reports to be kept strictly confidential and those making reports to be protected against any form of retaliation, discrimination or penalty.

REPORTS AND VIOLATIONS OF THE CODE OF ETHICS	2014	2013	2012
Alleged violations recorded in the year	2	4	9
<i>of which:</i>			
<i>from reports received</i>	2	4	9
<i>from internal audits of organisational units</i>		-	-
<i>from audit activities</i>		-	-
Violations defined in the year	4	4	6
<i>of which:</i>			
<i>ascertained with penalties imposed</i>		-	-
<i>ascertained with corrective action<sup>1</sup></i>	1		
<i>without grounds</i>	3	4	6
Violations being defined at the end of year	1	3	3

<sup>1</sup> E.g. training activities, organisational changes and improvements to the internal control system

The **Code of Conduct** approved at the end of 2011 by the Management Board and the Supervisory Board of UBI Banca is based on the principles of the Code of Ethics. It is aimed at all those in a working relationship with UBI Banca and is designed to furnish a framework of principles of conduct with which to evaluate compliance of decisions to be taken with ethical and regulatory norms.

Banks and companies belonging to the Group have all adopted the same text, modified, where appropriate, with the consent of the Parent, to meet requirements dictated by specific sectors and/or areas of activity.

Failure to observe the rules of the Code of Conduct constitutes violation of the Code of Ethics: instances of non-compliance must be reported and are punished in accordance with the procedures set forth in the Code of Ethics and in compliance with the rules and regulations applicable to the employment contract in question.

#### 4.9 PROCEDURES FOR THE IDENTIFICATION AND MANAGEMENT OF ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE

Responsibilities of the **Appointments Committee**, an internal committee of the Supervisory Board include **the assessment of the adequacy of the commitment made on issues of corporate social responsibility**.

The following specialist roles have been created, filled mainly by middle managers, in order to manage social and environmental responsibility issues with the aim of supporting and pursuing high standards of quality in different areas and in compliance with the provisions of national legislation:

- the **Corporate Social Responsibility (CSR) Manager** co-ordinates issues of an ethical, social

**G4-35  
DELEGATING  
PROCESS**

**G4-36  
DELEGATING  
PROCESS SENIOR  
MANAGERS**

- and environmental nature in operations, consistent with a strategic corporate vision and in implementation of the Group social responsibility model. The role reports directly to the Chief Financial Officer, who in turn is on the staff of the Chief Executive Officer;
- the **Mobility manager** is responsible for optimising systematic travel by employees, adopting, amongst other things, tools such as the home-work travel plan (HWTP);
  - the **Health and Safety Manager** manages all aspects relating to the health and safety of workers, undertaking occupational risk assessment, prevention and monitoring action and the relative corrective and training action;
  - the **Welfare Manager** is responsible for formulating and co-ordinating action to improve the quality of life of persons inside and outside the Bank, from the viewpoint of both organisational well-being and personal well-being, offering concrete opportunities in terms of services and benefits;
  - the **Energy manager** is responsible for analysing the energy requirement and for taking action to optimise consumption and improve the energy efficiency of buildings and services.

**Corporate social responsibility model**

AREAS OF INTERVENTION	OBJECTIVES	MECHANISMS AND TOOLS	CSR AREAS	GLOBAL COMPACT		
				Environment	Human rights and labour	Corruption
<b>CORPORATE GOVERNANCE</b>	System of "organisational consistencies" designed to direct the action of individuals and organisational units in compliance with declared internal and external standards.	<ul style="list-style-type: none"> <li>• Code of Ethics (policies)</li> <li>• Ethical training</li> <li>• Incentive systems</li> <li>• Formal commitments</li> </ul>	Business ethics			
<b>MANAGEMENT OF BUSINESS</b>	Products and services, commercial approach models and distribution processes consistent with the ethical, social and environmental expectations of stakeholders (new combinations of product/segment/channel).	<ul style="list-style-type: none"> <li>• Risk, production, commercial and distribution policies and guidelines</li> <li>• Industrial Plan objectives</li> <li>• Specific projects</li> </ul>	Business innovation	Environment	Human rights and labour	Corruption
<b>MANAGEMENT OF SOCIAL ACTION</b>	Recognition of the value of intervention in the community by means of an organic line of management consistent with identity and business choices.	<ul style="list-style-type: none"> <li>• Policies and guidelines for social investments (sponsorisations, gifts)</li> <li>• Specific projects</li> </ul>	Community involvement			
<b>REPORTING AND CONTROL</b>	An integrated system for monitoring operations and internal and external communication consistent with the models implemented.	<ul style="list-style-type: none"> <li>• Dialogue with stakeholders</li> <li>• Management dashboards</li> <li>• Social Report</li> <li>• Website</li> <li>• Social and environmental certifications</li> </ul>	Social audit			

Much work has been done in recent years on organisational controls and on business innovation, pursuing objectives of sustainability and consistency with customer expectations and interests and those of other stakeholders concerned and on improving dialogue with stakeholders and accountability. The adoption of a Code of Ethics, which has become a framework of reference used to integrate ethical, social and environmental aspects in our strategies, policies and corporate operations, is a fundamental part of the creation of the Group social responsibility model.

**4.10  
PROCESSES FOR  
EVALUATING THE  
HIGHEST  
GOVERNANCE  
BODY'S OWN  
PERFORMANCE**

☞ Reports and Accounts 2014 p. 25\*\*-28\*\*

Members of the Supervisory Board and the Management Board took up office in April 2013 with the consequent new appointments to the internal committees of the Supervisory Board. Therefore, because functional and effective assessment of the functioning of the boards and committees and of their size and composition can be carried out after an appropriate period of activity, a self-assessment process was commenced for both bodies in December 2013 for the years 2013, 2014 and 2015 – with indication of the action to be taken and the relative time periods – and a "peer review" system and process was formulated and put in place for 2014 and 2015.

The Supervisory Board carried out a self assessment of the size, composition and functioning of the board itself and its internal committees with support from the firm Egon Zehnder. The self-assessment was carried out by means of an analysis carried out at meetings, on the basis of the results of a self-assessment questionnaire filled in by each board member, followed by individual interviews carried out by the consultant. The following were examined:

- the quantitative and qualitative composition of the Board and its Committees, including

representation on it in terms of age and gender, the professional skills of board members in relation to the size of the Group and its activities, the level of diversity among the Board members in terms of professional, managerial and business experience;

- the effectiveness of the functioning and the quality of board and internal committee meetings;
- the quality and promptness of reporting and presentations and the effectiveness and efficiency of decision-making processes within the Board;
- the clarity, agreement and satisfaction with regard to policies, performance and risk objectives and the results achieved;
- relations with the Management Board and Senior Management.

On conclusion of the self-assessment conducted, it was found that, taken as a whole, the proceedings of Board and Committee meetings, in terms of organisation, analysis of the issues, attendance at meetings and discussion, are key elements for the appropriate performance of the functions assigned to the Supervisory Board and its internal Committees.

As at the start of its mandate in 2013, the Management Board carried out another self-assessment process relating to its size, composition and functioning in 2014, with the assistance of the consultant engaged. The self-assessment of the Management Board was specifically addressed and discussed in the board meeting of 24<sup>th</sup> March 2014, in which it examined the results of a specific self-assessment questionnaire filled in by each board member, followed by individual interviews carried out by the consultant.

The self-assessment questionnaire was carried out on the basis of assessment profiles similar to those used by the Supervisory Board. Together with useful ideas that came up which will further improve activities, it was found that the Board has a level of diversity in terms of professional managerial and business experience and that, taken as a whole, the proceedings of meetings, in terms of organisation, analysis of the issues and the participation of board members at meetings and in discussions, are key factors for the efficient and effective performance of the functions assigned to the Management Board.

The UBI Group has defined governance systems and rules to ensure clarity, transparency and effectiveness in the definition and management of Group remuneration and incentive policies. The main parties active in this process are:

- Shareholders' Meetings
- the Supervisory Board;
- the Remuneration Committee, supported by an external independent consultant;
- the Management Board;
- the Human Resources Function;
- corporate control functions including: Risk Management, Compliance and Internal Audit;

On the basis of a proposal from the Remuneration Committee, which involves the competent corporate functions, at least annually the Supervisory Board adopts and reviews the policies which are then submitted to the approval of the competent bodies of the subsidiaries, except for the incentive component based on financial instruments, which is submitted to a Shareholders' Meeting for approval.

A Shareholders' Meeting of UBI approves the remuneration policies for the Management Board and the incentive component based on financial instruments. With the exception of matters reserved to the Shareholders' Meeting, the Management Board submits any exceptions to the policies for the opinion of the Remuneration Committee and the consequent resolutions of the Supervisory Board.

In accordance with the policies set, the Management Board approves the relative means to implement the policies and, with the support of the Human Resources Function, directs choices concerning the management and remuneration of staff. It also determines the remuneration of senior management at UBI Banca, its subsidiaries and of those staff classified as "Key personnel" and submits it to the Supervisory Board for an opinion on its consistency, following consultation with the Remuneration Committee as part of the periodic staff bonus process ("Merit Plan").

Corporate control functions are involved *ex ante*, working together to ensure the adequacy and regulatory compliance of the policies and practices adopted, and they carry out *ex post* monitoring of their proper functioning.

#### G4-53 STAKEHOLDERS AND REMUNERATION

The procedure for the approval of remuneration and incentive policies ensures the participation of shareholders in the relative decision-making. More specifically, the Supervisory Board submits Remuneration and Incentive Policies for the Management Board and for the part of the medium to long-term incentive plan based on financial instruments to a Shareholders' Meeting of UBI Banca for approval. The remuneration of members of the Supervisory Board is also set by a Shareholders' Meeting. All the resolutions on the matter submitted to the Shareholders' Meeting were passed with a very large majority.

#### G4-54 REMUNERATION RATIO

In 2014 the member of staff with the highest remuneration in the Group earned €1,544,030, 32 times the median amount for all employees (€47,903 ) and a total increase compared with the previous year of approximately 3.10% in total remuneration, compared with an increase of 2.95% in the median amount earned by all employees (excluding the highest paid staff member and staff with contracts abroad). These calculations include both full and part-time employees (using the "full time equivalent pay rate") and both fixed and total variable remuneration was considered (inclusive of non-monetary benefits).

#### G4-55 REMUNERATION INCREASE RATIO

### Commitments to external initiatives

#### 4.11 PROCEDURES FOR THE APPLICATION OF A PRECAUTIONARY APPROACH

UBI Banca adopts a prudential approach based on an internal control and risk management system that allows it to orient corporate operations according to sound and prudent management principles.

The **Group's Internal control system policy** is the reference document for the definition and implementation of all the components of the Group's internal control system, in compliance with Bank of Italy regulations and the principles of UBI Banca's Corporate Governance Code and Articles of Association. [[☞ Reports and Accounts 2014 p. 46\\*\\*](#)]

The key principles with regard to risk management for an increasingly more knowledgeable and efficient allocation of economic and regulatory capital are as follows:

- rigorous containment of financial and credit risks and strong management of all types of risk;
- the use of a sustainable value creation approach to the definition of risk appetite and the allocation of capital;
- definition of the Group's risk appetite with reference to specific types of risk and/or specific activities in a set of policy regulations for the Group.

A specific Group policy to manage reputational risk defined as the risk of incurring losses resulting from a negative perception of the Bank's image by customers, counterparties, shareholders, investors, the supervisory authority or other stakeholders. [[☞ Reports and Accounts 2014 p. 197](#)]

#### 4.12 ADOPTION OF EXTERNAL CODES AND PRINCIPLES

UBI Banca is maintaining its commitment, first made in 2003 by the then BPU Banca, to apply the ten universal principles of the Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)) in favour of human rights, the protection of labour, the environment and the fight against corruption, for the construction of a global economy that is more inclusive and sustainable.

It adopts the **Corporate governance code for listed companies** and the **European code of conduct on housing loans** and it has adhered to the **Italian code of conduct for responsible payments** and it complies with the **Voluntary code of conduct on advertising**.

**4.13**  
**MEMBERSHIP OF**  
**ASSOCIATIONS**

UBI Banca is a member of the **Italian Banking Association** and of the **National Association of “Popular” Banks**. It also belongs to the **ABI Energia – ABI Lab Competence Centre** for energy efficiency in the banking sector and to the **G8 Task Force** on social investments. [SO 5] It is also a member of the **Sodalitas Foundation** (whose mission is to contribute to the development of the third sector and the growth of a corporate social responsibility culture) and it participates actively in various initiatives, including the **Sodalitas Social Innovation Award**. The Group CSR Manager also attends the proceedings of the **CSR Manager Network Italia**, of **EBEN Italia**, and together with other colleagues participates in various working groups formed by the Italian Banking Association on specific social responsibility issues.



**Stakeholder engagement**

**4.14**  
**STAKEHOLDER**  
**GROUPS ENGAGED**

The UBI Banca Code of Ethics defines Group stakeholders, dividing them into three classes:

- organisations and parties which by the nature of the relationships established or investments made, hold an interest in the operations of the Bank (e.g. employees, customers, suppliers);
- organisations and parties affected by the external impacts of UBI Banca’s activities, although they have formed no direct relationships with it (e.g. local communities and economies);
- organisations and institutions which hold the same interests as those described in the previous points and which are able to exert influence over the UBI (e.g. trade unions and other organisations which represent stakeholders).

**4.15**  
**PROCEDURES FOR**  
**SELECTION OF**  
**STAKEHOLDERS**

☞ Code of Ethics  
p. 9-10

Engagement activities are structured with consideration given to the intensity of the relationship and the breadth and urgency of the interests held by different stakeholders, in addition to the procedures laid down by specific legislation and regulations (e.g. Shareholders’ Meetings, negotiations with trade unions) and established practice (e.g. investor relations).

As part of the project for the transition to the new G4 guidelines, new specific stakeholder engagement activities are planned in relation to the identification of significant sustainability subjects on which to base management strategies and objectives consistent with their positioning in the materiality matrix.

**4.16**  
**APPROACH TO**  
**STAKEHOLDER**  
**ENGAGEMENT**

**Registered and unregistered shareholders**

The **Investor and Media Relations Area**, which reports directly to the Chief Executive Officer, is responsible for interaction with financial markets, managing media relations and planning and organising corporate events held by UBI Banca, managing UBI Banca’s sponsorships and co-ordinating and supporting the communication activities of Group companies. The integration of the investor and media relations functions has enabled synergies to be created in the production and distribution of content directed both outside and inside the Group and improvements to be made in the co-ordination of communications with the principal stakeholders in terms of synchronising timing, the use of a variety of channels, including digital channels, and the details of messages.

**4.17**  
**KEY TOPICS AND**  
**CONCERNS THAT**  
**HAVE BEEN RAISED**  
**THROUGH**  
**STAKEHOLDER**  
**ENGAGEMENT AND**  
**RESPONSES**

[☞ Reports and Accounts 2014 p. 190, 57\*\*]

FINANCIAL COMMUNICATION <sup>1</sup>	2014	
	NO. OF EVENTS	NO. OF CONTACTS
Conference calls/presentations	4	463
International conferences	9	242
Road shows (all abroad)	13	160
Individual and group meetings	37	148
<b>TOTAL</b>	<b>63</b>	<b>1,013</b>

<sup>1</sup> Events organised with investors and analysts of the share and with investors in debt instruments. The number of contacts are the number of interactions, which may even be with the same parties, at different events on different dates.



The “**Registered Shareholders Service**” at the service of registered shareholders proposes and coordinates initiatives for them and is responsible for updating the Shareholders Section of the Group website, which contains information of specific interest to Registered Shareholders and completes the information already available in the Investor Relations Section. All registered shareholders receive a written communication – the “Letter to the Registered Shareholders” – at least annually, as the Annual General Meeting approaches, to keep them up-to-date on the financial and operating position of the Group and on projects in progress.

The principal opportunities for engagement with registered shareholders are Shareholders' Meetings. In May 2014, 7,587 registered shareholders took part in the Shareholder's Meeting (45.4% in person and 54.6% by proxy).

## Employees

The Group's corporate intranet – **UBILife** – is the main tool for internal communication and it guarantees the delivery of clear and prompt information, increasingly more rapidly and richer in content, designed to assist and support employees in their daily activities through the publication of videos, news and articles. **Internal customer satisfaction surveys** [[Reports and Accounts 2014 p. 62](#)] were conducted in 2014 together with an **organisational climate survey**. [[Reports and Accounts 2014 p. 202, LA7](#)]

## Customers [[PR5](#)]

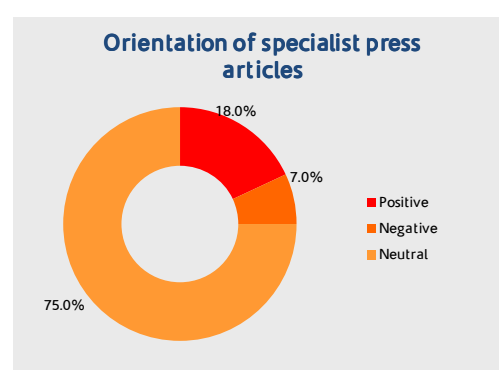
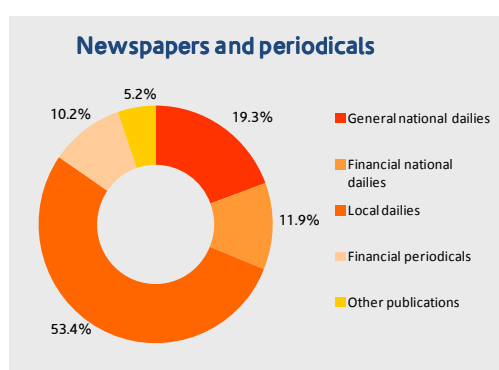
Customers have been involved for some years in a “consultation project”, a customer satisfaction survey programme conducted systematically by means of telephone questionnaires managed by a specialist firm (Istituto Piepoli) and since 2014 by means of a “customer experience” survey which measures satisfaction levels at typical times of contact with the Bank.

[[Reports and Accounts 2014 p. 60-62](#)]

## The media

Relations with the media are managed by the competent organisational units to provide relevant and reliable information on the structure, activity, and financial position of the Bank, its policies and strategies, including social and environmental policies, and the impacts of action taken. Relations must be conducted according to the principles of integrity, transparency, independence and equal treatment for each newspaper and journalist.

Mirroring the communication strategy of UBI Banca, the network banks themselves work to obtain adequate coverage in the press (the local press especially), for their initiatives.



[[Reports and Accounts 2014 p. 190-191](#)]

## FS. Social and environmental aspects of the financial sector

UBI Banca contributes to the sustainable development of the local communities in which it operates, with attention paid to the social and environmental repercussions of its activities. It achieves this through its credit and commercial policies, which consider the demands of all customer segments (socially vulnerable consumers and small to medium-sized enterprises in particular), through business innovation to satisfy new needs and development opportunities (e.g. services for nonprofit organisations in the community) and through specific policies to control and reduce social and environmental impacts (e.g. the Bank's environmental policy and its armaments policy). All business policies and management approaches to the various economic, social and environmental issues that involve the financial sector are based on the principles and commitments to stakeholders defined in the Group's Code of Ethics.

### Management approach

#### FS1 ENVIRONMENTAL AND SOCIAL POLICIES APPLIED TO BUSINESS LINES

UBI Banca has pursued an **armaments Policy** since 2007, which was updated in 2013. The revision maintains the overall framework unchanged and refined exclusion criteria and procedures for the assessment of countries for the authorisation of banking and financial transactions to support additional international arms trading transactions carried out by Group customers.

The policy bans business relations with companies involved in the production, development, storage, marketing and/or sales of arms of mass destruction and other "controversial" weapons (e.g. mines) and it involves an authorisation regime, for transactions involving international trade in arms, based on the country of destination. It applies to all the Group's activities – with the exception of asset management, where the investment decisions are made with reference to market benchmarks and therefore are not based on screening on specific issues – and it involves periodic assessment of the foreign countries to which arms are destined or from which they come, except for those belonging to the European Union to NATO and the OECD. The assessment of countries is carried out on the basis of criteria which consider not only international embargoes on arms, but also involvement in armed conflicts and/or the threat to security, peace and international security, violations of human rights perpetrated or tolerated by government authorities and the level of human development.

The number and value of the transactions involving international trade in armaments carried out in 2014 was extremely negligible compared with Group volumes of business and they are disclosed by country and type of counterparty and weapon in the **Report on the implementation of the policy on armaments for the year ended 31.12.2014** which is published in the social responsibility section of the Group's corporate website. A summary of transactions carried out in 2014 at Group level<sup>1</sup> is as follows:

- 103 transactions for the receipt of €22.8 million (down by 18.5% on 2013, after a reduction of 84.4% in 2013 on 2012) for arms exports in accordance with Law No. 185/1990 (98.0% and 50.8% of the exports to OECD and NATO countries respectively, the most to Australia);
- 79 transactions for the receipt of €3.9 million (down by 57.0% on 2013 after an increase of 15.2% in 2013 over 2012) for exports of light arms and one transaction for €3,525 not carried out because not compliant with the policy (92.2% and 88.9% of the exports to OECD and NATO countries respectively, the most to the United States of America);

No transactions have been performed as exceptions to the criteria of the policy since it was adopted.

[\[🔗 Policy for the management of transactions with counterparties operating in the arms and](#)

<sup>1</sup> The new legislation which came into force in 2013 repealed the law concerning requests by banks for authorisation to assist transactions involving international trade in armaments, which therefore no longer appear in the reporting, which leaves only a report of the transactions carried out.

weapons materials sector]

No official policies are pursued with regard to other economic sectors with potential risk from a social and environmental point, or which are in any case considered critical by rating agencies and investors who adopt ethical criteria. Nevertheless, great attention is paid throughout the entire Group to avoid involvement in transactions which may present reputational risks, in compliance with general principles and rules of conduct in the management of relationships with customers contained in the Code of Ethics and the related Code of Conduct.

More specifically, with regard to **business in the gaming and betting sector**<sup>2</sup>, the Credit Area of UBI Banca has invited the credit departments of the network banks to limit this business to a totally marginal level and to employ extremely rigorous conduct in assessing loan applications: parties operating in this sector must not only meet appropriate credit rating criteria, but must also be already known to and approved of by the Bank and satisfy criteria of absolute integrity, seriousness and reliability.

CONTROVERSIAL SECTORS	2014		2013		2012	
	LENDING (millions of Euro)	PERCENTAGE OF TOTAL LOANS	LENDING (millions of Euro)	PERCENTAGE OF TOTAL LOANS	LENDING (millions of Euro)	PERCENTAGE OF TOTAL LOANS
Arms and weapons system	30.0	0.05%	34.5	0.06%	32.0	0.05%
Tobacco	45.4	0.08%	48.4	0.08%	49.4	0.08%
Alcohol	17.8	0.03%	27.0	0.04%	20.3	0.03%
Furs	5.0	0.01%	5.5	0.01%	5.6	0.01%
Gambling	12.0	0.02%	20.9	0.03%	18.6	0.03%
Nuclear	-	0.00%	-	-	-	-
<b>TOTAL</b>	<b>110.2</b>	<b>0.19%</b>	<b>136.3</b>	<b>0.22%</b>	<b>125.9</b>	<b>0.20%</b>

The 2012 data on the arms, tobacco and fur sectors have been adjusted as a result of a more accurate identification of the counterparties and industry codes (ATECO).

An **Environmental policy** has been in force at Group level since 2008, designed not only to progressively reduce direct environmental impacts, but also to provide incentives for virtuous conduct along the value chain through the choice of commercial, credit and purchasing policies.

[🔗 Environmental policy]

Special policies and operational and control procedures are in place on the other most important aspects of banking operations concerning consumer protection, market abuse, conflicts of interest, transparency, privacy, usury, money laundering, the fight against terrorism and crimes covered by Legislative Decree No. 231/2001 on the administrative liability of entities. These are constantly updated to comply with changes in legislation and best practices.

**FS2  
PROCEDURES FOR  
ASSESSING  
ENVIRONMENTAL  
AND SOCIAL RISKS IN  
BUSINESS LINES**

The assessment of environmental and social risks is present in all the Group's activities, although not based on specific official procedures, except for the armaments sector. [🔗FS1]

Processes to assess the creditworthiness of businesses also include qualitative information on social and environmental aspects of operations. In the **project finance** area, in order to receive finance, projects must have passed the authorisation procedures set under Italian law (environmental impact, declaration of the start of activity, single authorisations, building permit, etc.) and the technical, legal, administrative and insurance assessments performed on behalf of the Bank by major independent advisors of international standing.

**FS3  
PROCESSES FOR  
MONITORING  
CUSTOMERS'  
IMPLEMENTATION OF**

No specific standards or performance expectations are set in finance contracts with companies, except with regard to the implementation of the armaments policy, concerning the involvement of corporate customers in the production, development, storage, marketing and/or sales of arms of mass destruction and other controversial weapons (e.g. mines). All corporate customers which operate in the arms and weapons materials sector are required to sign a declaration to certify that

<sup>2</sup> The organisation of gaming and betting in those European countries which allow it is managed by central governments which subcontract operations to private sector companies in return for the payment of license fees. In Italy, laws allow gaming and betting activities to be run by companies authorised by government, which intends in this manner to exercise stringent control over a highly profitable sector with a high risk of illegality.

**AND COMPLIANCE WITH ENVIRONMENTAL AND SOCIAL REQUIREMENTS INCLUDED IN AGREEMENTS OR TRANSACTIONS**

they are not involved in these activities. Compliance with these declarations is monitored on the basis of information disclosed in the press, by analysts, social organisations and pressure groups.

**FS4 PROCESSES FOR IMPROVING STAFF COMPETENCY TO IMPLEMENT THE ENVIRONMENTAL AND SOCIAL POLICIES AS APPLIED TO BUSINESS LINES.**

Training on **corporate social responsibility** and on the **Code of Ethics** continued in 2014 with approximately 1,100 hours of training. The training programme, designed as one of the instruments to implement the Code of Ethics, has the following aims:

- to promote the diffusion of CSR culture, principles and contents in order to incorporate it more effectively in corporate policies and to make it a source of innovation, good reputation and competitiveness;
- to increase awareness of the positive repercussions that CSR may have on the economic value generated by the Group;
- to encourage knowledge and the dissemination of Group values and ethics;
- to transform corporate values into the responsible conduct of individuals through knowledge of and implementation of the Code of Ethics;
- to increase knowledge of some commercial aspects which have strong links with social responsibility (e.g. micro-credit, third sector, migrant banking).

A training course was organised in February 2015 on “**green procurement**” for purchasing personnel (buyers) designed to help implement the Code of Ethics and support pursuit of Group Environmental Policy [[FS1](#)] in the sphere of purchasing policies and processes.

**FS5 INTERACTIONS WITH CUSTOMERS, INVESTEES AND BUSINESS PARTNERS REGARDING ENVIRONMENTAL AND SOCIAL RISKS AND OPPORTUNITIES**

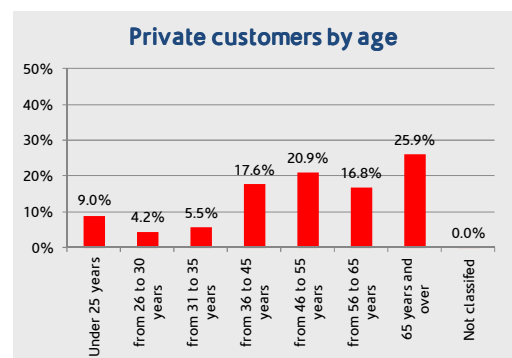
The Group’s network banks take part in events and initiatives designed to educate public opinion on the issues of sustainable development and the green economy – mobility and sustainable purchases, ecology and environmental education, renewable energy – organised in the community by public and private sector authorities and organisations. Customers are involved in environmental and social issues through marketing activities to promote online services (e.g. paperless accounting records) [[EN1](#)] and green financing [[FS8](#)] and socially responsible investment products[[FS7 e FS11](#)], as well as through customer satisfaction surveys, which include a survey of the level of understanding of social and environmental issues and the perception of the activities and the performance of single network banks and of the Group[[PR5](#)]. Dialogue with account managers when qualitative questionnaires are compiled for the assessment of creditworthiness also constitutes an opportunity to educate customers on these issues[[PR2](#)].

**The product portfolio**

**FS6 CUSTOMERS BY BUSINESS LINE, REGION, SIZE AND SECTOR**

The UBI Banca Group has over 3.7 million network bank and UBI Banca Private Investment customers (considered core customers to which all the statistics reported below relate, except for some specific differences in the reporting boundary). If the other banks and the product companies are included, the number of customers rises to a total of almost 3.9 million.

Individual customers account for 89.1% of customers (48.8% are women) from whom at the end of 2014 the Group received almost €58.0 billion of direct funding (-1.8% compared with 2013) and to whom it granted loans of €29.3 billion loans (-3.9%). A total of 7.3% of individual customers are from abroad, mainly from Eastern Europe (32.5%), Western Europe (22.2%), Latin America (11.3%) and North Africa (11.2%).



With 328 thousand business customers, (almost all small to medium-sized businesses, professionals and trades persons), Group direct funding from these totalled €14.5 billion in 2014 (up 2.9% on 2013) and loans totalled over €55.6 billion (-2.7%).

CUSTOMER PROFILE		2014	2013	2012
Number of customers (thousands)		3,753	3,722	3,712
<i>of which:</i>				
	<i>Banca Popolare di Bergamo</i>	967	957	956
	<i>Banco di Brescia</i>	565	560	557
	<i>Banca Popolare Commercio e Industria</i>	378	371	370
	<i>Banca Regionale Europea<sup>1</sup></i>	408	402	403
	<i>Banca Popolare di Ancona</i>	470	460	454
	<i>Banca Carime</i>	816	824	823
	<i>Banca di Valle Camonica</i>	78	77	77
	<i>Banca Private Investment</i>	72	72	74
Retail Market		97.7%	97.6%	97.5%
<i>of which:</i>				
	<i>Mass</i>	79.4%	70.1%	70.2%
	<i>Affluent</i>	13.7%	20.4%	20.3%
	<i>Small Business (POE e PMI)</i>	5.7%	8.7%	8.8%
	<i>Enti e istituzionali</i>	1.1%	0.8%	0.8%
Corporate Market		0.7%	0.8%	0.8%
Private banking market		1.6%	1.6%	1.6%
Private individuals		89.1%	88.9%	88.9%
Businessess		8.7%	9.0%	9.2%
Authorities and Institutions		1.7%	0.7%	0.8%
Other		0.5%	1.3%	1.1%
North		61.5%	61.5%	61.3%
South and Island		27.3%	27.6%	27.4%
Center		11.2%	11.0%	11.3%

<sup>1</sup> Included customers of Banco di San Giorgio.

[🔗 Reports and Accounts 2014 p. 44, 58]

## FS7 PRODUCTS AND SERVICES WITH SOCIAL BENEFITS

UBI Banca has identified a series of important social causes and specific expectations of stakeholder groups for which special products and services have been designed, subsidised conditions defined or charitable initiatives carried out:

- **access to credit**, above all for home mortgages, for which special products have been created that give greater flexibility for young couples and workers who do not have permanent employee relationships and that can be “put on pause” if certain extraordinary events occur [🔗 Reports and Accounts 2014 p.45];
- **support for families in difficulty** due to the economic crisis and the effects of natural disasters, with the continuation of our own and sector-wide initiatives in co-operation with local and national authorities and institutions [🔗 Reports and Accounts 2014 p.52];
- **the fight against usury**, with loans guaranteed as part of local community agreements with foundations in order to assist individuals at risk of usury<sup>3</sup>, due to economic and financial difficulties, which would otherwise exclude them from bank loans on the basis of ordinary credit rating criteria and pawn credit business<sup>4</sup> carried out by nine Banca Popolare Commercio e Industria branches;
- the **financial and social inclusion** of vulnerable groups in society with a “**basic account**” created in co-operation with the Ministry of the Economy and Finance (MEF), the Bank of Italy, the Italian Banking Association and payment services associations;
- **encouragement to save**, above all by young people and less well-off families, by means of dedicated products for children and teenagers (over 122 thousand Clubino savings deposits and over 17 thousand **I WANT TUBI'** accounts) and fund-based savings plans

<sup>3</sup> According to the criteria set by the regulations to implement article 15 of law No. 108, published in Official Journal No. 219 of 19.09.1997.

<sup>4</sup> One of the most ancient forms of lending practised by the Monti Di Pietà set up in the 15<sup>th</sup> century by the Franciscan monks to combat the phenomenon of usury.

which allow small sums to be put aside (starting from €50 per month) without entrance and exit fees (81 thousand new **fund-based savings plans** subscribed in 2014, up 8% on 2013) [[Reports and Accounts 2014 p.44-45](#)];

- **support for study with unsecured loans** based on standing arrangements with local universities as part of the “**Give them a future**” initiative, organised by the Italian Banking Association and the Youth Ministry, which follows on from the previous initiative “Give them credit” and with the **Enjoy** prepaid cards (approximately 32 thousand issued at the end of 2014), that can be used by students as instruments to make payments for exclusive University services and as ID cards or “student record cards”;
- **support for youth employment** with a €50 million loan pool from the European Investment Bank to finance investments at attractive conditions by “Mid Cap” companies and “SMEs” that provide employment for young people (“Jobs for Youth”) [[Reports and Accounts 2014 p.59](#)];
- **anti-crisis and access to credit measures for businesses:** with the deferment of capital repayment instalments on mortgages, loans and leases and the extension of the repayment schedules of loans, both on our own initiative and in co-operation with public institutions (Chambers of Commerce and regional and provincial governments) and guarantee bodies for the deferment; with loans granted under sector-wide agreements (e.g. **Italy Investment Projects** and **Public Administration Credit** to release cash owed by Public Administrations) using funding from the **Cassa Depositi e Prestiti** (state controlled fund and deposit institution) or with the use of credit risk mitigation instruments provided by **guarantee bodies** (some of which for anti-usury purposes) and public sector initiatives (e.g. **Guarantee Fund for SMEs** pursuant to law No. 662/1996); with **C<sup>2</sup> Community for the Community bonds** designed to acquire funding to be injected back into circulation by making credit lines available under competitive conditions for use in the local areas where the funding was acquired. [[Reports and Accounts 2014 p.50-52](#)]

BUSINESS LOANS WITH SOCIAL AIMS	2014		
	Loan pools approved (millions of)	Number of loans	Disbursed (millions of euro)
New measures for credit to SMEs (former “Avviso Comune” -joint announcement)	1,200.0	2,836	148.3
<i>Italy Investment Projects - CDP</i>	600.0	2,043	113.3
<i>Public administration receivables - ABI</i>	600.0	793	35.0
Subsidised public sector funding	4,050.0	4,598	1,610.0
<i>European Central Bank TLTROs</i>	3,200.0	3,300	1,170.0
<i>European Investment Bank</i>	800.0	684	378.0
<i>Jobs for Youth - EIB</i>	50.0	16	22.0
<i>Cassa Deposito e Prestiti (CDP – state controlled fund and deposit institution)</i>		598	40.0
Guarantee bodies and guarantee funds		17,381	1,369.0
<i>Loans backed by guarantee funds</i>		12,475	771.0
<i>SME guarantee fund - Law No.662</i>		4,656	592.0
<i>Anti-usury credit lines</i>		250	6.0
Group initiatives	215.1	571	85.7
<i>C<sup>2</sup> bonds</i>	215.1		64.7
<i>SME development</i>		258	12.9
<i>Start-ups</i>		313	8.1
Natural disasters		12	1.6
<i>Bank loans</i>		9	1.0
<i>ABI/CDP reconstruction agreement</i>		3	0.7
Female entrepreneurship	300.0		
<i>Invest in women</i>			
<i>Women in start-ups</i>	300.0		
<i>Women in the recovery</i>			
<b>TOTAL</b>	<b>5,765.1</b>	<b>25,398</b>	<b>3,214.6</b>
ABI/Trade association loan deferral/extension (remaining principal)		1,900	543.0

LOANS TO HOUSEHOLDS INITIATIVES WITH SOCIAL AIMS	2014	
	Number of loans	Disbursed (millions of euro)
Home mortgages	14,487	1,512.4
<i>"Ordinary" mortgages</i>	13,237	1,359.4
<i>Mortgages for young couples and "atypical" workers<sup>1</sup></i>	1,250	153.0
Solidarity credit	108	2.6
<i>ABI/CEI "loan of hope" for needy households</i>	82	0.5
<i>Loans for natural disasters (real estate/unsecured)</i>	26	2.1
Support for studies	98	0.5
<i>ABI/PCDM "Give them a future"</i>	98	0.5
Anti-usury	33,753	31.9
<i>Pawn credit</i>	33,753	31.9
<b>TOTAL</b>	<b>48,446</b>	<b>1,547.4</b>
Deferral/extension of mortgages (remaining debt)		762.5
<i>ABI/MEF "solidarity fund"</i>		40.1
<i>Bank moratorium</i>		722.4

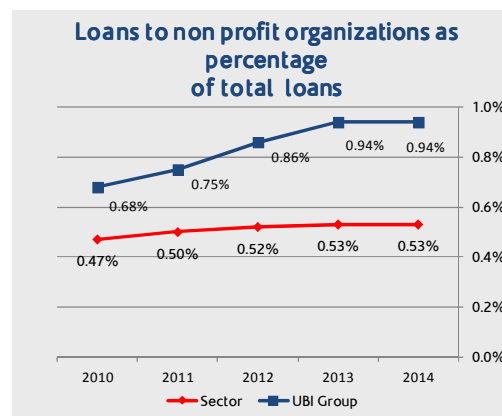
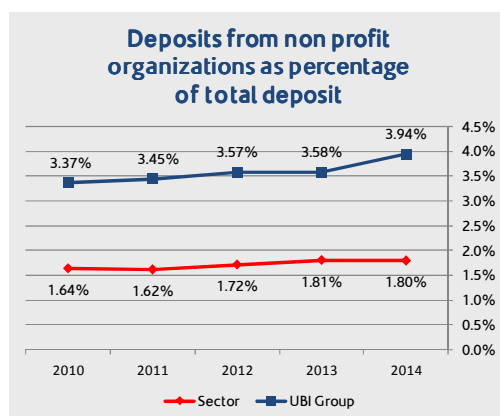
<sup>1</sup> Advertising campaigns "Love is a wonderful home" and "Flexible mortgage: the mortgage you can put on pause".

In consideration of the importance acquired by the third sector in meeting the needs of communities, especially for the delivery of welfare services to the disadvantaged, in 2012 UBI Banca created **UBI Community**, the new service model for nonprofit organisations (both Church and non-Church affiliated) to support the development of their activities.

Relationships with nonprofit organisations are strategic both because of the positive returns in terms of reputation and links with local markets and because of commercial development in consideration of the substantial growth seen in the sector over the last two decades and which is likely to continue in future.



Historically the Group holds a share of deposits from and loans to nonprofit organisations that is higher than for the sector nationally<sup>5</sup>. At the end of the year deposits totalled €1.7 billion (59.8% in Lombardy) with a market share of 7.2% (compared with a total sector market share of 3.4% for deposits) and €0.8 billion of loans (66.1% in Lombardy) with a market share of 8.5% (compared with a total sector market share of 4.6% for total loans).



<sup>5</sup> BASTRA data (Accounts Matix) on sub-group 51 (nonprofit organisations). Deposits are comprised of current accounts, deposits and certificates of deposit.

The Group's commitment to the issuance of **UBI Community social bonds** continued during the year as part of a strategy to support the third sector (17 bonds issued in 2014 for a total €178 million which made it possible to make donations of €890 thousand). The smaller number of social bonds issued by Group banks is attributable mainly to the generalised fall in interest rates which made the subscription of bonds as instruments for investment less attractive to customers.

The adoption of **SROI** (social return on investment) to structure UBI Banca's social bonds is planned for 2015 in order to measure the social impact of the projects supported. On the one hand this will enable greater accountability to customers who subscribe bonds and to Group stakeholders more generally and on the other hand it will direct action to support initiatives that have a greater impact on change.

[🔗 [Reports and Accounts 2014 p.49](#)]

With technical assistance from the Italian Association for the promotion of a co-operation and nonprofit culture (AICCON), UBI Banca continued its activity with the Observatory on finance and the third sector, established in 2011 by UBI Banca, to process and disseminate data annually on the financial requirements of the third sector. The latest edition of the observatory's publication reported the results of a survey on a sample of non-banking foundations to investigate their financial needs and to analyse trends for social entrepreneurship compared with the first survey carried out in 2011.

Alongside its commitment to reduce its direct impacts on the environment, the Group actively supports and promotes virtuous behaviour by households and businesses by offering financing products dedicated to specific types of investment as follows:

- **housing refurbishment and energy upgrades**, with the benefit of tax incentives (Creditopplà Home Refurbishment);
- **domestic photovoltaic panels**, also with specific insurance cover (*Forza Sole* – sun strength);
- **industrial plant for the production of energy from renewable sources** such as, solar power, wind power and biogas/biomass cogeneration plants.

[🔗 [Reports and Accounts 2014 p.45,59](#)]

A strong slowdown occurred in investments in renewable energy in 2014 due to important changes in tax rules and incentives which made it less attractive, with a significant impact on financing transactions.

The Bank maintained a large position in **project finance** business, with the finance of new projects, only partly in the renewable energy field, and supported refurbishment and rationalisation processes in progress in the sector.

The three largest operations during the year financed the following projects:

- **Enel Green Power at Finale Emilia** for a biomass power plant, a low environmental impact initiative assisted by supplies of biomass from the area immediately surrounding the plant ("no food" biomass cultivated within a radius of 50 km – "local supply" – resulting from the conversion of areas originally used for sugar beet crops);
- **TEA SpA** for the redevelopment of the former Alfa Romeo industrial area at Varese with the construction of a large shopping centre, with a consequent substantial impact on employment;
- **Labo Gest srl** to improve technical services at the Bologna Ospedale Maggiore Hospital with a consequent significant social impact.



PROJECT FINANCE ACTIVITIES	2014	2013	2012
<b>Financing granted during the year</b>			
Numbers of contracts	16	16	20
<i>of which for renewable energy</i>	6	6	17
Amount authorised (€ million)	349	400	332
<i>of which for renewable energy</i>	134	41	132
Amount disbursed (€ million)	315	416	207
<i>of which for renewable energy</i>	103	36	122
<b>Financing outstanding at the end of the year</b>			
Numbers of contracts	156	136	137
<i>of which for renewable energy</i>	120	112	111
Amount authorised (€ million)	2,506	2,248	1,869
<i>of which for renewable energy</i>	1,330	1,263	1,094
Amount disbursed (€ million)	1,928	1,744	1,489
<i>of which for renewable energy</i>	1,140	1,112	1,065

PROJECT FINANCE OPERATIONS IN PORTAFOGLIO	2014			2013			2012		
	NO.	POWER INSTALLED (MW)	POWER FINANCED (MW)	NO.	POWER INSTALLED (MW)	POWER FINANCED (MW)	NO.	POWER INSTALLED (MW)	POWER FINANCED (MW)
Energy	120	2,310	647	112	2,227	632	111	2,141	523
<i>of which:</i>									
<i>wind farms</i>	19	1,622	232	19	1,622	231	19	1,676	232
<i>photovoltaic plants</i>	92	553	371	84	467	354	83	384	273
<i>other renewable energy</i>	9	135	44	9	138	47	9	81	18
Environment	2			3			4		
<i>of which:</i>									
<i>waste treatment plants</i>	2			3			3		
<i>other activities</i>	0			0			1		
Infrastructures	19			21			22		
<i>of which:</i>									
<i>hospitals</i>	4			4			5		
<i>highways</i>	6			6			5		
<i>metropolitan railways</i>	2			2			1		
<i>water facilities and gas</i>	5			7			9		
<i>airports</i>	2			2			2		
Others	15			-			-		
<b>TOTAL</b>	<b>156</b>	<b>2,310</b>	<b>647</b>	<b>136</b>	<b>2,227</b>	<b>632</b>	<b>137</b>	<b>2,141</b>	<b>523</b>

At the end of 2014, the Group had granted 82 loans for a total of €138.8 million in the renewable energy sector to give outstanding loans of €2.06 billion accounting for 3.4% of the total.

The adoption of the "IT Ordinance" by public administrations, designed to optimise operational relationships between authorities and treasury departments and make them more efficient has a positive impact from an environmental viewpoint, due to savings on paper that it can generate.

In 2014 UBI Banca implemented a procedure affecting 628 customer relationships, either existing or about to be opened (+35% compared with 2013), which made it possible to transfer approximately 52% of the documents to automated processing procedures. [📄 Reports and Accounts 2014 p.49-50]

## Audit

### FS9 AUDITS OF THE IMPLEMENTATION OF ENVIRONMENTAL AND SOCIAL POLICIES AND RISK ASSESSMENT PROCEDURES

As part of auditing activity conducted by the various functions which contribute to the implementation of the system of internal controls – compliance, auditing, risk management, line units – consideration is also given to the actual implementation of the principles and commitments set out in the Group Code of Ethics and the policies and procedures adopted with regard to social and environmental aspects of operations.

Furthermore, the Internal Audit Function monitors compliance with Internal Code of Conduct rules both through its ordinary planned audit activities and also through specific investigations were necessary.

## Active ownership

### FS10 COMPANIES HELD IN THE INSTITUTION'S PORTFOLIO WITH WHICH THE REPORTING ORGANISATION HAS INTERACTED ON ENVIRONMENTAL OR SOCIAL ISSUES

No active ownership programmes are currently in progress on social and environmental issues in investee companies. Nevertheless, all companies in which an interest of greater than 2% of the share capital is held (including foreign investees) are sent a copy of the Code of Ethics with an explicit request to ensure that their conduct complies with principles similar to those contained in it.

### FS11 ASSETS SUBJECT TO POSITIVE AND NEGATIVE SOCIAL AND ENVIRONMENTAL SCREENING

With regard to asset management activities, social and environmental criteria are only applied in the selection of investments for the **UBI Pramerica Azionario Etico fund**, managed by the subsidiary UBI Pramerica, which is designed for customers who wish to invest not only on the basis of conventional financial criteria but also according to ethical and social responsibility criteria.

The fund invests exclusively in the financial instruments of issuers who are known for their attention to respect for humankind and the environment and for their application of clear and transparent governance rules and who are not involved in: the production and/or trade in arms, pornographic material, alcohol, tobacco or other products harmful to health; the promotion or operation of gambling; the production or construction of plant for the generation of nuclear energy; research in the development or production of genetically modified organisms. The benchmark for the fund is the Ethical Index Euro, produced by ECPI, a leading independent European company in ethical finance services.

Each year UBI Pramerica donates 5% of the management fees for the fund to charitable bodies and organisations (€14,649 accrued in 2014 to be donated in equal parts to the Cesvi Foundation and to Save The Children).

<b>UBI PRAMERICA AZIONARIO ETICO</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Assets under management (million of euro)	15.15	13.70	12.02
<i>as a percentage of the total assets under management in funds</i>	<i>0.11%</i>	<i>0.13%</i>	<i>0.08%</i>
<i>as a percentage of the total assets under management</i>	<i>0.04%</i>	<i>0.05%</i>	<i>0.06%</i>

[ <http://www.ubipramerica.it/pagine/Scheda-dettaglio-fondo.aspx?isin=IT0003851034> ]

It is planned to broaden the range of "ethical" products in 2015.

### FS12 VOTING POLICIES ON SOCIAL OR ENVIRONMENTAL ISSUES

No policies are currently pursued on voting on social and environmental issues in other companies in which the right to vote in Shareholders' Meetings is held.

## EC. Economic performance

The business mission of UBI Banca is to create value for its registered and unregistered shareholders and for all its stakeholders, over a medium to long-term time horizon.

In this respect operating and financial performance is important both in itself and as a condition for achieving positive social and environmental performance.

### Economic performance

#### EC1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED<sup>1</sup>

The reclassification of the consolidated income statement shows an increase of 6.3% in the economic value generated by UBI Banca, above all as a result of an improvement in net interest income (+3.9%) and net fees and commissions (+3.3%) and a reduction in impairment losses.

The economic value distributed to stakeholders remained largely unchanged in absolute terms with a redistribution in favour of registered and unregistered shareholders (+33.4% with an increase in the dividend from €0.06 to €0.08 per share) and employees (+5.7%).

The greater economic value generated was absorbed primarily by the Bank itself, with substantial impairment losses on intangible assets and goodwill, reported on in the Consolidated Management Report.

[ Reports and Accounts 2014 p. 85-91]

DETERMINATION AND DISTRIBUTION OF THE ECONOMIC VALUE CREATED (thousands of euro )	2014	2013	VARIATION
Interest and similar income	3,015,058	3,254,962	-7.4%
Interest expense and similar	(1,196,671)	(1,504,247)	-20.4%
Commission income	1,403,306	1,382,528	+1.5%
Commission expense	(176,719)	(195,462)	-9.6%
Dividends and similar income	10,044	10,409	-3.5%
Net trading income (loss)	63,166	107,234	-41.1%
Net hedging income	(11,217)	(3,318)	+238.1%
Income (loss) from disposal or repurchase of:	144,636	217,475	-33.5%
a) loans and receivables	(15,348)	(3,149)	+387.4%
b) available-for-sale financial assets	168,304	220,025	-23.5%
c) held-to-maturity investments	-	-	
d) financial liabilities	(8,320)	599	n.s.
Net income (loss) on financial assets and liabilities at fair value	3,073	3,163	-2.8%
Net impairment losses on:	(937,267)	(990,489)	-5.4%
a) loans	(928,617)	(942,978)	-1.5%
b) available-for-sale financial assets	(4,821)	(26,898)	-82.1%
c) held-to-maturity investments	-	-	
d) other financial transactions	(3,829)	(20,613)	-81.4%
Net insurance premiums	-	-	
Other income/expense on insurance operations	-	-	
Other net operating income	336,366	310,511	+8.3%
Profits of equity investments (for the part from disposals)	85,278	-	n.s.
Profits on disposal of investments	8,729	(7,251)	n.s.
Post-tax profit from discontinued operations	-	-	
<b>TOTAL ECONOMIC VALUE CREATED</b>	<b>2,747,782</b>	<b>2,585,515</b>	<b>+6.3%</b>

<sup>1</sup> The statement of the determination and distribution of economic value generated complies with the presentation proposed by the Italian Banking Association.

<b>DISTRIBUTION OF ECONOMIC VALUE CREATED (thousands of euro)</b>	<b>2014</b>	<b>2013</b>	<b>VARIATION</b>
b) other administrative expenses (exclusive of indirect taxes, grants and donations)	576,230	598,101	-3.7%
<b>ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS</b>	<b>576,230</b>	<b>598,101</b>	<b>-3.7%</b>
a) personnel expense <sup>1</sup>	1,413,312	1,337,687	+5.7%
<b>ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES</b>	<b>1,413,312</b>	<b>1,337,687</b>	<b>+5.7%</b>
Profit (loss) for the year attributable to non controlling interests	22,177	23,307	-4.8%
<b>ECONOMIC VALUE ATTRIBUTABLE TO NON CONTROLLING INTERESTS</b>	<b>22,177</b>	<b>23,307</b>	<b>-4.8%</b>
Share of profit destined to dividend payments <sup>2</sup>	72,021	54,003	+33.4%
<b>ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS (REGISTERED AND UNREGISTERED)</b>	<b>72,021</b>	<b>54,003</b>	<b>+33.4%</b>
b) other administrative expenses: indirect and capital taxes	279,396	253,984	+10.0%
Current taxes on income for the year <sup>3</sup>	215,575	325,837	-33.8%
<b>ECONOMIC VALUE DISTRIBUTED TO CENTRAL AND LOCAL PUBLIC ADMINISTRATIONS</b>	<b>494,971</b>	<b>579,821</b>	<b>-14.6%</b>
b) other administrative expenses – grants and donations <sup>4</sup>	4,205	4,987	-15.7%
Share of profits allocated to the fund for social purposes <sup>5</sup>	3,690	4,623	-20.2%
<b>ECONOMIC VALUE DISTRIBUTED TO THE COMMUNITY AND THE ENVIRONMENT</b>	<b>7,895</b>	<b>9,610</b>	<b>-17.8%</b>
<b>TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>2,586,606</b>	<b>2,602,528</b>	<b>-0.6%</b>
Net provisions for risks and charges	9,074	12,372	-26.7%
Net impairment losses on property, equipment and investment property	88,924	119,956	-25.9%
Net impairment losses on intangible assets	143,141	78,535	+82.3%
Profits (losses) of equity investments (the fair value part: write-downs/write-backs, impairment losses/reversals, other expenses/income)	(37,015)	(46,506)	-20.4%
Change in fair value of property, equipment and investment property and intangible assets	-	-	
Net impairment losses on goodwill	1,046,419	24,895	+4103.3%
Change in deferred tax assets and liabilities	(287,889)	(398,469)	-27.8%
Profit allocated to reserves	(801,478)	192,204	n.s.
<b>TOTAL ECONOMIC VALUE RETAINED</b>	<b>161,176</b>	<b>(17,013)</b>	<b>n.s.</b>

<sup>1</sup> Inclusive of board members' fees and expenses for external distribution networks (e.g. agents and financial

<sup>2</sup> The figures for 2014 are based on the allocation of profits proposed to the Shareholders' Meeting.

<sup>3</sup> Includes the changes in current taxes of prior years and the reduction in current taxes for the year.

<sup>4</sup> Includes sponsorships, inclusive of the professional sports sector, with social and environmental value.

<sup>5</sup> Includes the shares of profits allocated by the Network Banks to their respective funds for social purposes.

**EC2  
FINANCIAL  
IMPLICATIONS AND  
OTHER RISKS AND  
OPPORTUNITIES FOR  
THE ORGANISATION'S  
ACTIVITIES DUE TO  
CLIMATE CHANGE**

In consideration of the activities it performs, the Group has no significant direct exposure to risks connected with climate change.

Minor impacts may occur in relation to supply processes, especially with regard to fuel and electricity costs and commercial and lending processes relating to the occurrence of extreme climatic events which could affect the operating capacities and solvency prospects of corporate clients (a risk which is, however, mitigated by the high sector diversification of the Group's lending).

On the other hand, the issue of the fight against and adaptation to climate change may create business opportunities as a result of investments by individuals and businesses in energy savings and in the use of alternative energies and investments by businesses to comply with evolving regulations and the efficiency standards for products and production processes [FS8].

**EC3  
COVERAGE OF  
DEFINED BENEFIT  
PLAN OBLIGATIONS**

All Group employees benefit from supplementary pension plans through either internal or external pension funds, which involve a defined contribution by the employer as part of supplementary company labour agreements. Employees may also allocate a part of their salaries to supplementary pension schemes, in addition to the mandatory post employment benefit . Coverage for commitments resulting from internal funds, consisting of defined benefits, is performed by allocating amounts to the “provision for risks and charges: pension and similar obligations”, which are subject to periodic actuarial measurement in compliance with IAS 19 “Employee benefits”.

**EC4  
SIGNIFICANT  
FINANCIAL  
ASSISTANCE  
RECEIVED FROM  
GOVERNMENT**

We also report that, in compliance with the instructions for compiling this disclosure, (this does not include operations with central banks for financial stability purposes nor those with the objective of facilitating the transmission of monetary policy).

[🔗 Reports and Accounts 2014 p. 503]

However, it has used financing from the “Banks and Insurance Fund” and the “Fund for senior management training” (funds earmarked for training activities) [🔗 LA10] and payouts from the “Solidarity fund for retraining and professional requalification to support the employment and income of banking personnel” (fund for managing situations of employment difficulty and for financing specific benefits for workers affected by reductions in working hours and temporary layoffs). These are private banking sector funds which the Group contributes to, together with other banks.

[🔗 Reports and Accounts 2014 p. 39-40, 71,100,5\*-6\*]

**Market presence**

**EC5  
STANDARD ENTRY  
LEVEL WAGE BY AGE  
COMPARED TO LOCAL  
MINIMUM WAGE**

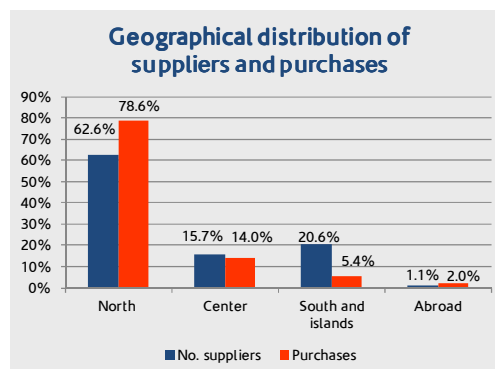
AVERAGE SALARY, FIRST JOB (thousands of euro)	2014	2013	2012
Men	28.1	26.8	27.8
Women	28.4	26.5	26.7
Trade union minimum <sup>1</sup>	26.7	26.0	25.5

<sup>1</sup> The base salary set in the national labour contract for the 3rd level 2nd area.

**EC6  
POLICY, PRACTICES,  
AND PROPORTION OF  
SPENDING ON  
LOCALLY-BASED  
SUPPLIERS**

The Code of Ethics [🔗 Code of Ethics] has a specific section on relations with suppliers which must be oriented towards mutual satisfaction and be based on the observance of the principles of transparency, fairness, loyalty, integrity and competition.

The Group’s environmental policy [🔗 Environmental Policy] orients purchasing management towards the use of products and services which have a low environmental impact throughout their life-cycle [🔗 EN1, EN5] and to procure supplies locally, where possible, thereby minimising harmful emissions generated by transport.



The Purchasing Department of UBI Sistemi e Servizi manages the purchasing cycle for Group companies in compliance with the provisions of the **Group Spending Regulations**. These regulations, which apply to all Group companies, govern the roles and responsibilities of those involved in managing budgets and incurring expenses with the separation of roles between those requesting supplies and authorising payments, those that sign contracts and handle negotiations with suppliers and those keeping the accounts and paying the invoices.

In February 2015 staff responsible for purchasing (buyers) received a training course on “green procurement” [🔗 FS4].

## Selection of suppliers

Suppliers are selected with care on the basis of cost, service quality and technical, commercial and financial reliability. The Code of Ethics states that where requirements are the same, preference is given to those suppliers who demonstrate the implementation of **good practices of responsibility** and/or possession of **social or environmental certifications**. Formal implementation of this policy in the internal regulations that govern purchasing management constitutes an improvement objective which was also considered in the training initiative mentioned above. To ensure the independence of suppliers, we seek to avoid the establishment of exclusive business relationships, or those characterised by excessive financial dependence on the Group (the total amount paid to each Group supplier must not exceed 25% of the supplier's total turnover).

## Contractual conditions and terms of payment

Contractual conditions and terms of payment are constantly updated to comply with the legislation in force and with market conditions on the basis of periodical monitoring. Supplies which are not regular or for small amounts, and considered not strategic and which do not carry a high operational risk are regulated by the general conditions of a standard contract, while specific contracts are drawn up for recurring, strategic supplies, which carry high operational risk or which are for large amounts.

In 2014 the Group adhered to the “**Italian Responsible Payments Code**” organised by Assolombarda (Lombard employers' association). Companies which adhere to the code are committed to compliance with terms and conditions contractually agreed for the payment of suppliers and, more generally, to spread a culture of efficient, prompt and rapid payment practices. At present Group suppliers have signed contracts which involve payment terms ranging from a minimum of on-receipt-of-invoice up to a maximum of 120 days from the date of invoice (a very marginal proportion accounting for 0.17% of the total). The average supplier payment time in 2014 was approximately 39 days.

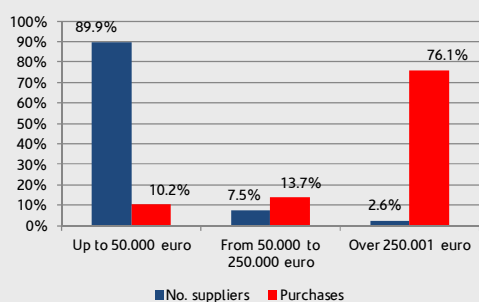


All suppliers are required to fully comply with legislation and regulations to protect the rights of workers, which in particular means observation of national trade union agreements for the sector to which they belong and of pension, accident prevention and insurance legislation along with specific legislation on health and safety. Additionally, when an order is placed or a contract is signed, all suppliers are required to comply with the principles of the Group's **Code of Ethics**. Standard contract clauses provide for the power of UBI Sistemi e Servizi to verify or have verified by its agents – at any time and using the inspection procedures considered most appropriate – that the supply of goods or the provision of services is carried out and that this complies with the applicable legislation and regulations. They also provide for a commitment by the supplier to facilitate the exercise of these verification powers, by providing UBI Sistemi e Servizi with all the information required, including the documentation, written communications and/or documents needed to carry out appropriate controls.

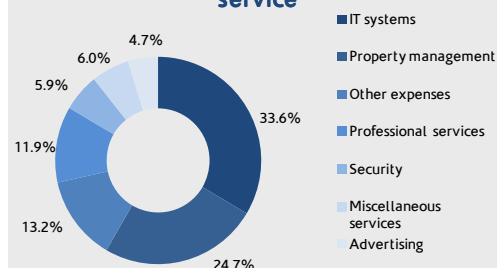
## Supply chain

The Group operates almost exclusively in Italy and 98.9% of purchases are from local suppliers, defined as suppliers resident in Italy. Where possible and appropriate, depending on the type of products or services, use is made of suppliers who operate in the vicinity of our single operating premises. Suppliers who provide goods and services to the Group on a regular basis or occasional suppliers who supply goods and services for amounts greater than €30,000 are registered on a **list of approved suppliers** managed by the Purchasing Department of UBI Sistemi e Servizi. The approved list contains preferred suppliers for each type of good and service, listed on the basis of quality (50% weighting), competitiveness (25% weighting) and financial and capital soundness (25%) and we periodically assess them with the involvement of the offices requesting the supplies (budget managers), the Purchasing Department and an outside database. Suppliers of utility services (local water companies, gas companies), landlords of rented properties and institutional suppliers (e.g. Italian Banking Association - and Consob - Italian securities market authority) are excluded from management on the list of approved suppliers.

### Suppliers and purchases by amounts invoiced



### Purchases by type of good or service



At the end of 2014 suppliers on the list numbered 818 (+55 compared with 2013 as a result of 103 new suppliers and 48 removed from the list). Management of the supplier list and the vendor rating is supported by dedicated software that interfaces with the SAP accounting system. A vendor evaluation system is available to buyers in the Purchasing Department on the Corporate Intranet, which gives information on supplier ratings, classes of goods supported, figures on invoicing over the last three years, the amount of the orders in progress and an indicator of the dependence of the supplier on the Group.

## EC7 HIRING FROM LOCAL PERSONNEL

Personnel search and selection activity in 2014 regarded above all commercial roles for recruitment in the network banks, in order to implement generation turnover projects contained in Group business plans. The approach followed therefore led mainly to the assessment of candidates who are resident in the local areas of the different banks concerned, in order to exploit their knowledge of the local community. The same orientation was also followed for the recruitment of young specialists and professionals by means of search and selection activity which benefited from constant co-operation with local schools, training institutes and universities.

Six new senior managers were recruited in 2014, all in Lombardy where the headquarters and policy-setting and supervision activities of the Group are concentrated.

### Indirect economic impacts

## EC8 DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES PROVIDED PRIMARILY FOR PUBLIC BENEFIT THROUGH COMMERCIAL, IN KIND OR PRO BONO ENGAGEMENT

While another part of this document may be consulted for commercial activities designed to develop infrastructures and services for public benefit [FS8], the focus here is on Group activities for the social and cultural development of communities as well as for their economic development by supporting projects and initiatives of nonprofit organisations, both Church and non-Church affiliated.

This approach represents the concrete application of our mutualistic spirit as a co-operative, which is expressed through the allocation of a share of the distributable profits, in accordance with the articles of association of UBI Banca and the various Group banks (the maximum percentage allocated varies, where specified, between 1% and 4%).

RESERVES OF PROFITS AVAILABLE IN ACCORDANCE WITH BY-LAWS TO GOVERNING BODIES FOR SOCIAL PURPOSES (thousands of euro)	HIGHEST % OF ALLOCATIONS FROM FINANCIAL STATEMENT	BALANCE AS AT 31.12.2013	2014 ALLOCATIONS FROM 2013 FINANCIAL STATEMENT	DONATIONS 2014 <sup>1</sup>	BALANCE AS AT 31.12.2014
UBI Banca	1.5%	6,502,202	847,202	867,100	6,482,304
Banca Popolare di Bergamo	2.0%	780,854	2,635,682	1,546,395	1,870,142
Banco di Brescia	2.0%	4,999,800	64,329	781,800	4,282,329
Banca Popolare Commercio e Industria	1.0%	68,582	346,000	208,300	206,282
Banca Popolare di Ancona	4.0%	6,528	185,787	189,430	2,885
Banca Carime	3.0%	470,368	350,000	454,636	365,732
Banca di Valle Camonica	not defined	4,319	100,000	81,150	23,169
<b>TOTAL</b>		<b>12,832,653</b>	<b>4,529,000</b>	<b>4,128,811</b>	<b>13,232,843</b>

<sup>1</sup> The amounts relate exclusively to the contributions made from the reserves of profit of individual banks, including € 808 thousand paid to foundations promoted by the Group.

Payments in the form of donations and sponsorships are designed to promote and enhance the identity of the Group and individual network banks, with no direct correlation with the achievement of commercial objectives, except for those of social marketing initiatives. With the sponsorships, Group banks associate their brands with organisations and initiatives linked to the local communities in which they operate. Sponsorships or professional sports clubs are only included in the report if they are directed to activities to promote the moral education of young people through sport.

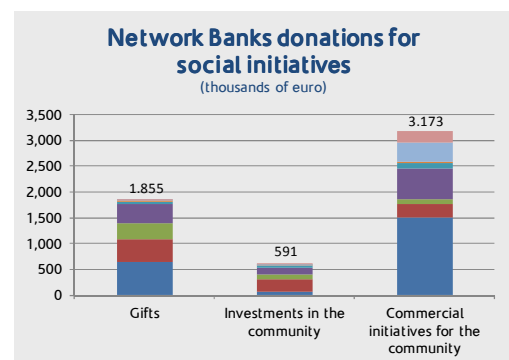
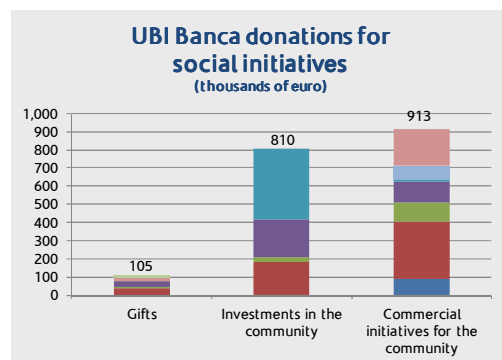
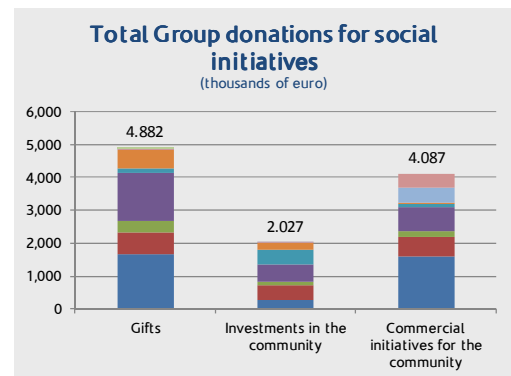
As concerns the selection of initiatives, the decisions are taken at local level by individual banks and foundations with the support of UBI Banca for the more far reaching initiatives, based not on rigid and predetermined policies and guidelines, but on assessments – based on criteria of consistency, efficiency and effectiveness – of the initiatives and projects found in the community.

At UBI Banca, the allocation of budgets to the various sectors of intervention is made on the basis of an “Annual intervention plan” approved by the Supervisory Board on the basis of proposals formulated by the Chairman, subject to consultation with the Senior Deputy Chairman. The proposals and projects are drawn up in consultation also with the Chairman and the Deputy Chairman of the Management Board and taking account of their recommendations.

The foundations, which have been formed over the years to promote social and cultural development in their local communities, are totally independent in their decision-making, although this must be in compliance with the areas of intervention defined in their respective constitutions, and they are not subject to powers of management, co-ordination and control by UBI Banca. At the beginning of 2015, the Banca Popolare Commercio e Industria Onlus Foundation was formed, promoted by the bank of the same name, to pursue aims of social solidarity and with institutional objects of health and social welfare assistance and the protection, promotion and enhancement of things of artistic and historical interest in the Region of Lombardy and in the provinces of Milan and Pavia in particular.

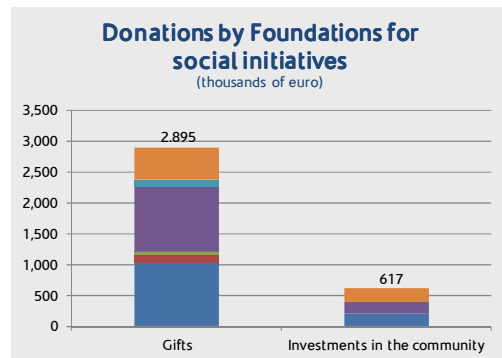
In 2014 the Group made total donations for social initiatives of **€11.0 million**<sup>2</sup> (-12.0% compared with 2013), of which:

- €3.3 million drawn from articles of association-related reserves available to management bodies for social purposes (the “Board’s Fund”) of UBI Banca and the network banks, net of sums paid to Group Foundations (€808 thousand);
- €4.2 million as operating expenses of UBI Banca, the network banks and other Group companies, including charitable donations resulting from the placement of UBI Community Social Bonds [( FS7)];
- €3.5 million by the Foundations.



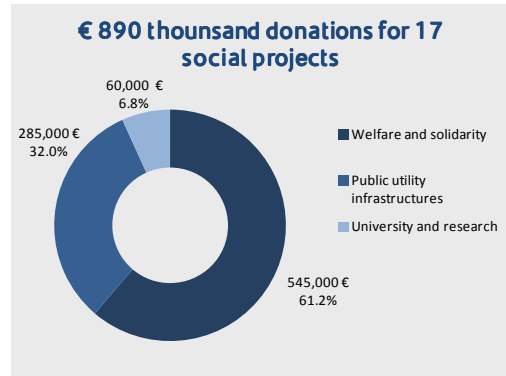
<sup>2</sup> The total value of donations for social initiatives includes cash donations and the monetary value of donations in kind. It does not include the operating expenses of payment activities and the cost of the time for paid work provided by employees to community organisations and activities.





An important role is played by UBI Community social bonds in the generation of funds for donation to welfare activities. Launched in 2012, at the end of 2014, issuances by UBI Banca and some of the network banks totalled 58. All the issuances were fully subscribed, normally before the end of the subscription period, allowing €3.1 million to be donated to important social projects in the community.

In addition to welfare **contributions** there are also those made **to local authorities** for their social and institutional activities as part of **treasury and collection services** which totalled **€3.3 million** and contributions to **Pro Solidar**, a national fund in the credit sector for solidarity and charitable initiatives consisting of a bilateral entity managed by the Italian Banking Association and the national secretariats of the banking trade unions. ProSolidar is the first body in the world formed by a national trade union agreement and it is funded on an equal basis by workers and companies. Each employee may contribute a sum of €6 per year deducted directly from salary, against which the company pays in an equal amount. This gave a total of **€193 thousand** in 2014.



Employees are also involved in the **Enjoy Special Edition** project, a current account card specially for them, with customised graphics and the possibility to support social and charitable activities through the donation of the POS commissions by the issuer Group banks. In 2014 the commissions on payment transactions made during the year using POS terminals were donated to the La Strada, **La Bottega di Geppo** charity project, voted first of five projects proposed in a survey of employees on the Group intranet UBILife.

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UBI Banca helps support major organisations and important national initiatives, or which in any event cover several areas, both independently and in co-operation with other Group banks.

UBI Banca also takes action each year in the field of school and university education with a series of scholarship grants: a scholarship grant was awarded in 2014, in co-operation with the Human Foundation, to a young nonprofit entrepreneur to take part on a **MHUSE** course – **“Master Human for Social Entrepreneurship”**, organised by the Catholic University of Milan/Altis; two scholarship grants were funded for a **Master** course in **“New Horizons in Co-operation and International Law”** organised by FOCSIV (Federation of International Voluntary Bodies ) and the Pontifical Lateran University; a scholarship grant for a student in the fourth year of senior high school to study abroad with the **Intercultura onlus Foundation**. Mention must also be made in this respect of support for the “Experiential Workshops” project of the **LIUC-Libero Istituto Universitario Carlo Cattaneo University** which aims to integrate the knowledge offered by courses of study with high-level practical expertise, to make its graduate students more competitive on the labour market abroad.

Important co-operation continued on cultural initiatives: with the **Brescia and Bergamo International Pianoforte Festival** for the fiftieth edition of the annual festival of the same name, entitled “Rachmaninov and Russia” (a special project which involved the new Festival Philharmonic

Orchestra, with the introduction of very talented young musicians); with the **Einaudi Study Centre** for the preparation and presentation of the XIX Annual Report on the Global Economy and Italy coordinated by Professor Mario Deaglio and presented in the Group's network banks with the objective of offering an initiative of national and international importance and at the same time of "localising" relationships, thanks to the involvement of local businesses; with the **Cardinale Federico Borromeo Foundation** to support the Venerable Ambrosian Library, for the promotion and diffusion of culture and art through educational, academic and research activities. Initiatives included the public exhibition of the Atlantic Code by Leonardo Da Vinci in Milan at the Ambrosian Library and in the Santa Maria delle Grazie Church. UBI Banca also took action to support the initiative "Intorno al Duomo", with which the **Archdiocese of Milan** organised an exhibition in Duomo Square of the historical and most venerable cross of St Charles Borromeo containing the sacred nail of the cross of Christ, conserved at the summit of the apse of the cathedral, and also the organisation of appointments for the canonisation of the Blessed Popes John Paul II and John XXIII by the **Diocese of Rome**.

In the field of scientific research, the Bank supported the **Ricerca dell'Ospedale Maggiore Research Foundation of Bergamo** – of which UBI Banca is one of the founding members – to promote and finance scientific research of particular interest to society.

Action cutting across many areas is taken by UBI Sistemi e Servizi – the Group's service consortium company – which again in 2014 donated **retired equipment**, which nevertheless still functions well, to 45 organisations and associations (12 associations involved in assistance and charity work, 12 organisations involved in social, recreational and sports activities, 4 cultural associations, 5 municipalities, one police unit and 11 schools) for an estimated total value of €18 thousand.

Two initiatives were implemented with the direct involvement of employees. These consisted of a pilot initiative, "Donate one day", which saw 337 staff employed in Group banks and companies in the Milan and province of Milan area carrying out voluntary work in eleven nonprofit organisations. The project was designed to encourage and organise the active participation of employees to support voluntary activities and socially deserving projects organised by nonprofit organisation, thereby strengthening local ties with various initiatives in the community, in the role of a Bank which is particularly attentive to the issues of solidarity and social cohesion. Much effort was also made for the organisation of "**Solidarity Christmas Dinners**" for people suffering hardship provided in co-operation with the Exodus Foundation, the network banks and the Internal Communication Function. The initiative took place simultaneously in seven different towns and cities in which the network banks have their headquarters and involved over 150 employees who served dinners, distributed gifts consisting of packages of prime necessities and entertained over one thousand guests in need. Important support was also given for the organisation of the 13<sup>th</sup> edition of the Concert at the Scala of Milan Theatre, a fundraising evening for research and assistance organised by the **Italian League for the Fight Against Tumours (LILT)**.



In 2014 the Bank diversified the range of activities that it supports focusing on operations with a broader and more widespread appeal, without, however, neglecting the more "niche" initiatives and those of more specialist cultural and scientific interest.

The calendar was peppered with artistic and cultural events. The ancient and modern and the local and global blended together in the project **ART UP**, designed to publicise the artistic heritage of the Bank by putting a work of art from its private collection on display to the public each month at the Bergamo headquarters. The first work displayed, produced by Afghan women on the basis of an idea by the great contemporary artist Alighiero Boetti then left Bergamo to be displayed in the exhibition "ON THE ROAD / EN EL CAMINO" in Galicia. The "**Artist in Residence Km Rosso**" is a new project organised by the Bergamo Accademia Carrara di Belle Arti and Km Rosso, which gives seven young artists the opportunity to create their own works at seven scientific research and technology centres and to display them at Bergamo Science. At the same time relationships are now firmly established with the **Noesis Association** for the annual series of events on philosophy with important figures on the national cultural scene and with the **Bergamo Science Association**

which organises a fascinating series of events on scientific matters. High quality food and wine is also an important part of Italian culture. The Bank took part in the first edition of two new important initiatives: "**High-quality**", the title of a stand of Italian excellence in food and wine at Vaprio d'Adda (Bergamo), and **Food Film Fest**, a Cinema review produced in Bergamo on the subject of food. Taking a wider look at the broader subject of the environment, mention must be made of: the **Festival of the Environment** in Bergamo, three days of exhibitions and conventions on the green economy; the **Energy Week**, in co-operation with the Artisans Association; and the "**Masters of the landscape**" event, which transformed Piazza Vecchia of Bergamo Alta into a true and genuine botanical garden at the hands of famous architects with international conventions and gala evenings.

Attention to social issues was again continued: with contributions to the Don Mazzi **Exodus Onlus Foundation** for the publication of the Tremenda school diary distributed free to senior high schools; with the charity competition "**Basta una parola per ... Fare Banca Per Bene**" (All you need is a word ... to do banking well and fairly), held on the occasion of the visit to the exhibition of nativity scenes held in the Chostro di Santa Marta at the Bank; with support for the **Friends of Paediatrics Association** and the social welfare co-operatives, **Il Segno, Il Battello** and **In Cammino**; with participation in the City of Bergamo initiatives, **Young People's Card, Family and Senior Card**, to offer economic advantages to young people, large families on low incomes and the elderly resident in the city.

The Bank believes in the education of young people as the engine that drives personal and collective growth and in this context it contributes to the activities of organisations such as: the **Pro Universitate Bergomensis Association**, which works for the University of Bergamo to become a place of integration between academic knowledge and know-how in the local economy; the **Committee for the Technical Industrial Institutes P. Paleocapa and G. Natta of Bergamo**, to construct laboratories and infrastructures for teaching; the **Foundation for Financial Education and Saving** for financial education meetings in schools and "**Economic Citizenship Days**" which involved 5,000 pupils in schools at all levels. New areas were inaugurated in the former Torre della Galleria Santa Marta district, where **TAG#in the city** created an active and vital co-working space with a shared working environment based on the "talent Garden" model for the development of innovative business ideas.

In the sports field, commitments continued to initiatives involving young people and events that are very popular in the community such as the Bergamo **international tennis tournaments**, the **Binda Trophy** of Cittiglia (a female cycling World Cup trial) and the under 23 world championship rowing races on Lake Varese (one of the most important events in the world for this sport). Two first editions were introduced: the first edition of the **Clubino Trophy** in co-operation with the Provincial Cycling Federation, reserved for the very youngest category and the first **National Meeting of the Azzurri Athletes of Italy**, in co-operation with the Italian National Olympic Committee, which brought together over 600 athletes or former athletes in every sport who had competed for their country .

The Bank supported five social projects with its social bonds in 2014: **SOS Villaggio dei bambini Morosolo** to take in children with problematic family relationships; **Solidarietà Società Cooperativa Sociale** for the creation of a medical treatment room and a gymnasium for motory and rehabilitation activity for disadvantaged persons; the **Umberto Veronesi Foundation** research project "Understand the genetics of the hypoplastic left heart syndrome in children"; **Unione Invalidi Civili Bergamaschi** to support the project "Relief home for the disabled" at Pizzino, Bergamo.

 UBI Banco di Brescia

In addition to direct support for important nonprofit organisation initiatives in the local community, the Bank also finances the endowments of the **Banca San Paolo di Brescia Foundation** and the **Credito Agrario Bresciano Foundation - Giovanni Folonari Cultural Institute**, established to pursue the original ideals of the banks of the same name from which they emerged.

Following on from decisions made in past years, yet again in 2014 the fields of greatest intervention

were culture, social, recreational and sports activities and the development of the local economy. The following contributions are worthy of mention in the field of culture: to the Brescia **Teatro Grande Foundation of Brescia** for its theatre season; to the **Brescia Foundation for studies in economics and law**; and for the publication of the book **"Intorno alle mura, Brescia medievale"** (an art edition for the 2014 *Strenna di Natale* - Christmas gift ). In the field of sport we mention the sponsorships of the historical re-enactment of the **Mille Miglia** motor race, **Brescia Rugby** and the **Brescia Art Marathon**.

Finally, for development of the local economy the bank supported the activities of **Pro Brixia**, the "special firm, of the Brescia Chamber of Commerce which promotes and organises initiatives designed to create commercial opportunities for Brescia companies on international markets.

With the issue of UBI Community social bonds, the Bank donated scholarship grants to less well-off and more deserving students of the **Scuola d'Arti e Mestieri F. Ricchino** di Rovato, Brescia and it supported the **Bresciana Assistenza Psicodisabili Onlus Foundation** project a "Weekend of relief", the **ACTIONAID International Italy Onlus** project for food education in schools and the creation of an innovative neuro stimulation centre of the **IRCCS Fatebenefratelli** for Alzheimer's patients.



Each year the bank supports and promotes numerous prestige initiatives in various fields, with particular attention to the social, ethical and cultural development of the community in which it operates.

Firmly established partnerships include that with **Pavia University** for two initiatives: the 24<sup>th</sup> edition of the graduation day, when this bank awarded prizes to the twelve best students of the university, one for each faculty and a research study on the ancient university, which gave rise to the publication of a trilogy of the prestigious publishing programme History of the University of Pavia from the Middle Ages until the 21<sup>st</sup> Century.

In order to enhance its image as the Group's main bank in the city of Milan, in the cultural sphere, this bank is an institutional supporter of the **Poldi Pezzoli Museum** – an institution famous throughout the world and a point of cultural reference in the Lombard metropolis – and it is listed on the "Golden Roll of Honour" of the supporters of the Piccolo Teatro of Milan, with which it manages and organises the **Eleonora Duse Theatrical Prize**. This event, which has now reached its 29<sup>th</sup> edition, is the only award granted each year to a theatre actress for distinction in the theatre season in one or more plays in Italy or abroad. The prize for 2014 was awarded to the actress Sonia Bergamasco. Again in the Lombard capital the Bank sponsored the **ATIR (Teatro Ringhiera Milano)** theatre season and contributed to the organisation of the **Street Art Festival**, which saw the presence of numerous street artists, famous throughout the world, who recreated the look of an entire district on the outskirts of the city, while in Pavia it sponsored exhibitions organised by the municipality at the **Stables of the Visconti Castle** and the **City Museums**.

The numerous sports sponsorships included **Canottieri Milano** (Milan rowing club), which, founded in 1890, is one of the oldest and most prestigious sports clubs in Milan and Italy.

With the issue of UBI Community social bonds, the bank made a substantial contribution to the **"Agenzia n. 1 di Pavia, per Ayamé"**, a Pavia nonprofit organisation, which since 1991 has adopted a permanent "situation of hardship in world". The contribution received was used for a project to modernise the buildings of the Hôpital Général d'Amamé in Ivory Coast.



Banca Regionale Europea's communication strategy is to reinforce the positioning of the Bank through its cultural and sports sponsorships which again in 2014 saw it play a primary role, with account taken for the difficult economic situation, in providing support to numerous local events.


In the sports field, having concluded the sponsorship cycle for the Bre Banca Lannutti Cuneo volleyball team, which is no longer competing in the national championship for the new 2014-2015

season, the Bank still wishes to play an active part on the Cuneo sports scene, the area in which it has its roots and where volleyball is a well-established tradition. And in fact it gave its support to youth teams in order to continue to encourage the values of this sport among young people such as commitment and team spirit, thereby keeping alive the positive image built over the previous 20 years of sports sponsorship at the highest level nationally.

Action taken to support the activities of the Federazione Nazionale Sport Invernali Paralimpici (**FISIP – Paralympic National Federation of Winter Sport**) was of important social significance as was the agreement signed with the Cuneo public administration for the naming of the PalaBreBanca Stadium, which allows the local authority to allocate resources to the development of local sport.

In the cultural sphere, in Turin the Bank confirmed its support to the **Regio Theatre** for the opera season, to the **Lingotto Music Association** for the concert season and to the **Circolo dei lettori**, an important point of reference and not just for the City, with which it organised interesting initiatives for the financial education of young people and families, assisted by the Foundation for Financial Education and Saving. Similar activities were also carried out in Genoa and at Cuneo, where the Bank made a contribution to financial educational events in schools such as the “Develop your business idea” competition.

Co-operation with the **City of Turin** and the **Foundation for Culture** at the time of the Christmas holidays was particularly significant with the installation of a Christmas tree with lights 18 metres high set right in the centre of the city in Piazza Castello and a series of events (financial education for children, Christmas carols performed by the Little Hope Choir of the Archdiocese of Turin, readings of Christmas stories, the collection of gifts and used toys for poorer children in co-operation with the Diocesan Caritas) held by the “Father Christmas’ little chest” specially set up near the Christmas tree.

 In Liguria, where in 2012 the bank acquired Banco di San Giorgio which was merged into it, while the brand name was maintained, the Bank kept alive partnerships in the community mainly with local sports teams. Sponsorships continued again in 2014 with events which included the **Pallone Elastico Cup** of Italy (type of handball) organised by the Italian Pallapugno Federation (a sport that is very popular in southern Piedmont and Western Liguria) and the **Ravano tournament** for pupils of primary schools organised by U.C. Sampdoria. Support was also given to the **Cus Genoa Rugby Club**.



Again in 2014, the Bank organised and supported various initiatives of great visibility and importance to its local community with preference given, in terms of the quality and size of the support, to the fields of culture and sport. It therefore kept alive a series of relationships with important organisations, which are constantly committed to the development of local communities, with the Bank as a point of reference with whom they have shared ideas, plans and objectives for many years.

In the sports field, the Bank supported the following: the **Ankon Consortium**, which combines five clubs that practice different sports and which after over 10 years of activity continues to be one of the most interesting organisations on the Ancona sports scene; **Aurora Basket** of Jesi (for which the Bank has been the main sponsor for over 16 years); **Fulgor Libertas Basket di Forlì**; **Sportiva Volley Lube Association** and the **GS Lube Volleyball – Treia (MC)**; the **Pesaro Five Amateur Sports Association** (five aside football) of Pesaro and the **Rowing and Sailing Club of Naples** (Three Gulfs Regatta); the **Gabriele Cardinaletti Foundation** of Jesi (eighth edition of the National “L’Amico Atletico” Prize (athletics’ friend) to promote ethics in support); the **Società Sportiva Dilettantistica Jesina Calcio** (Jesi amateur football club) as the main sponsor of the Juniores team and the **Stamura Ancona** for the “City of Ancona Half Marathon”.

The historic relationship with the **Jesi Fencing Club** is special. This sports Association has made Jesi a town that has won more medals than many other towns and cities in the world in the history of the Olympics (22 medals of which 14 gold). To celebrate its prestigious nomination as “**2014 European City of Sport**”, the Town of Jesi organised a series of events and appointments of an

educational and training nature involving all sports, to which the bank contributed.

In the field of culture the most significant contributions regarded the following: the **Pergolesi Spontini di Jesi Foundation** for the Pergolesi Theatre prose season for which the bank is traditionally the main sponsor; the **Teatro delle Muse Foundation** of Ancona for various initiatives including the lyrical season; the **Musicultura Association** of Macerata for the musical and literary events which began at Recanati in 1990 and which have become a point of reference for young talent on the national scene; the **Amici della Musica "Guido Michelli"** Association of Ancona for concert activities; the **Pio Monte della Misericordia** of Naples, for the project "Sette Opere per la Misericordia" (an exhibition of seven works by contemporary artists on the theme of mercy) and four scholarship grants for pupils at the Accademia di Belle Arti; the **Marches Music Association "Armonie della sera"** for the pianoforte concert in the Grotte di Frasassi caves; the **Vallesina Prize Association** for the seventh edition of the prize which is awarded every two years for professional excellence to people from Vallesina.

The following partnerships stand out in the world of education and universities: with the **University of Camerino** (various initiatives and projects including co-financing of scholarship grants for a research doctorate on innovation – the Eureka project); with the **ISTAO** (two scholarship grants in memory of *Comm. Luigi Bacci* for young graduates aspiring to a business or management career in companies, banks, consulting firms or trade associations); and with the **Marches Polytechnic University** (the "World Campus" project to support and disseminate technological innovation and training for university students through job experience abroad).

Finally, as part of a commitment to local development and promotion, the Bank is present in the **Festival and Exhibition for traditional products typical of the Marches** (a wine and food initiative with a strong impact on local development, organised in co-operation with the town of Fermo), while Solidarity initiatives again included support for fundraising for the **"Light Project"** (funds for a hospital in Congo to care for children who have lost the use of their sight) and for the **Associazione Onlus I.O.M. – Istituto Oncologico Marchigiano Jesi e Vallesina** (institute to assist cancer patients).



Intense participation by Banca Carime continued in 2014 in the cultural, social and university education fields and to enhance and develop the southern Italian economy.

In the musical sphere the Bank continued its partnership with **Barese Chamber Music** with free tickets to the more disadvantaged groups in society: the differently able, students from the prestigious Bari Music Conservatory and children from outer city areas accompanied on educational programmes. The partnership with the **Magna Grecia Orchestra Association** of Taranto also continued which valorises the best performers of classical and contemporary music locally with a programme of concerts in Apulia and Basilicata.

In the field of cultural and local development, the display of works of art from the Banca Carime private collection continued for the fourth year at the **Cosenza National Gallery in Palazzo Arnone**, in co-operation with the Superintendence for Historical, Artistic and Ethno-Anthropological Heritage of Calabria and with the Regional Department for Cultural and Landscape Heritage of Calabria.

Activities for the enhancement and economic development of Southern Italy included the convention **"Welcome to the South – Open Day for young talent"**, held in co-operation with the Ministry of Education, Universities and Research and the Central Offices for the Co-ordination of Start-ups. At this event innovative firms and young talents discussed issues with established business leaders who operate in southern Italy and represent examples of excellence in the realisation of business objects and ideas. To complete this initiative, Banca Carime will make available its own financial and relationship resources in order to support the translation of the best ideas into new businesses.

The project **"Your idea of business"** is also aimed at young talents, organised in co-operation with the Cosenza Confederation of Industry and designed to bring worthy new ideas to the attention of the world of business, to be developed with the creation of a business plan.

Alongside its participation in financial education initiatives organised by the Italian Banking Association (formerly by the PattiChiari Consortium), Banca Carime continued its commitment to teaching economic and financial subjects in senior high schools in the provinces of Brindisi and Taranto (seven schools, for a total of approximately 450 pupils) with the competition "**Develop your business idea**", based on the creation of a business plan to start up a socially useful enterprise in the community and with the initiative "**NewspaperGame**" organised in co-operation with the national daily, the Gazzetta del Mezzogiorno, a competition for primary and secondary schools in Apulia and Basilicata designed to stimulate young people to think and write on economic subjects.

Finally, in the social welfare sphere, mention should be made of support for the **Sant'Egidio Community** of Bari for its soup kitchen.



As in past years the Bank continued its support for development in the local communities in which it operates, with preference given to initiatives for the needy and to support local culture.

Particularly important initiatives include participation in the **Valle Camonica Community Fund**, managed by the **Comunità Bresciana Foundation** for the support by means of a specific competition of initiatives for the social and cultural growth of the valley, action taken to help small mountain parishes committed to the conservation of historical and religious properties and the organisation of initiatives for young people.

However, small contributions made to schools are no less important, especially to local infants and primary schools, together with support for research projects developed by **Brescia University** ("Analysis of the Brescia and Lombard economy - forecasts, interpretation and solution of business in crisis") and the **Catholic University of Milan** ("Educate to citizenship").

The bank's commitment in the editorial field saw the publication of the book "*Pievi e parrocchie in Valle Camonica*", in which the proceedings of the study meeting organised in co-operation with the **Camunitas Foundation** of Breno are published.

#### FONDAZIONE UNIONE DI BANCHE ITALIANE PER VARESE ONLUS

This Foundation was formed in 2004 on the initiative of Banche Popolare Unite, now Unione di Banche Italiane, and it pursues objectives of social solidarity through the support of social and health and welfare initiatives and the protection, promotion and enhancement of culture and historical and artistic heritage in the Region of Lombardy and in the Province of Varese in particular.

Action undertaken in the social welfare field involved following: Varese Basketball to support **Handicap Sport Varese**; the **Ospedale di Circolo Hospital** and the **Macchi Foundation** of Varese for the purchase of advanced diagnostic equipment; the **Prison Assistant Volunteers Association** of Busto Arsizio, for the project "Listen, support and accompany"; the "**La Casa**" **Institute** of Varese for the purchase of ultrasound equipment; and the **Busto Arsizio Hospital** to finance a nurse training scheme.

Significant contributions were also made to the following: **the Parish Church of St Peter and Paul at Daverio to restore the wooden altar** and to the Parish Church of Casciago to renovate the Baptistery; the **Emma Macchi Zonda Foundation** of Varese for the consolidation of the Grotta della Madonna del Deserto; the **archaeological Studies Centre** of Varese, for the publication of the book "Sibrium"; the **Parish of Sant'Antonio di Padova alla Brunella** for funding the Magis Foundation of Milan "Solidarity emporium" for the organisation of a training course on missiology; the **Astronomical Observatory Foundation of Tradate** for financing the "Sirius Project"; and the **Sant'Agostino Foundation** of Varese for the project "Officina@studio for computer studies".

#### FONDAZIONE BANCA POPOLARE DI BERGAMO ONLUS

Formed in Bergamo in 1991 by the former Banca Popolare di Bergamo-Credito Varesino, the Foundation promotes and enhances historical and artistic heritage, health and welfare, charitable

activities and the conservation of the environment and nature in the Lombard region.

The most significant action undertaken in 2014 in the cultural sphere included support for the following: the international activity of the **Carlo Cattaneo di Castellanza university**; the **Bergamo Science Association**, for the annual organisation of the scientific educational event of the same name; and the **Pope John XXIII Foundation** for a study of the "Good Pope".

Support was given to the following for the conservation, promotion and enhancement of artistic and historical heritage: to the **Diocese of Bergamo** for the restoration of various buildings; to the **Dominican Fathers** of the Convent of Bergamo for the restoration of the St Bartholomew Church.

Donations in the health and welfare field as follows: to the **Committee for the Beato Giovanni XXIII Hospital** of Bergamo, to complete the new church within the hospital; to the Bergamo section of the **ANA – Associazione Nazionale Alpini Onlus** Foundation for operational activities and to monitor landslide and flooding phenomena; to the Bergamo Provincial Delegation of the **Italian National Olympic Committee** for the purchase of 120 semi-automatic outdoor defibrillators for distribution to amateur sports clubs; to the **Casa Amica Foundation** of Bergamo for social housing initiatives.

In the area of the protection and enhancement of the environment, the foundation confirmed its support in 2014 for the **Ethical Environmental Centre** of Bergamo.

#### **FONDAZIONE BANCA SAN PAOLO DI BRESCIA**

Founded in 1998 by the bank of the same name, its objective is to perpetuate its original ideals and Catholic inspiration. It operates principally in Lombardy and preferably in the province of Brescia, to support social, civic and church initiatives with special attention given to education, welfare and art, and it also works with other similar organisations.

The Foundation gives great importance to culture and supported the following activities in the Brescia area: the Brescia Section of the Catholic University of Milan; the **Art and Spirituality Association**; the **Opera per l'Educazione Cristiana** of Concesio; the Pope Paul VI **Cesare Airici** Institute; the **Santa Maria della Pace Primary and Secondary School**; the **Giuseppe Tovini Foundation** and the **Civiltà Bresciana Foundation**.

For its social initiatives the Foundation worked with the **Brescia Diocesan Caritas for the "Madre Eugenia Menni" soup kitchen** and the Brescia **VOL.CA – Volontariato Carcere Association** to support prison inmates, former prison inmates and their families.

The Foundation also supports various Church-related organisations, by refunding interest paid on loans granted by the Banco di Brescia on the basis of special agreements entered into for the restoration and conservation of artistic heritage and of properties belonging to the parishes and dioceses of Brescia.

#### **FONDAZIONE CAB - ISTITUTO DI CULTURA GIOVANNI FOLONARI**

The Foundation was formed in 1983 in order to "promote, encourage research into, enhance the value of, analyse and divulge actions and aspects that concern culture, education, instruction, social welfare and scientific research".

In 2014, it organised a convention jointly with the Prefecture and Diocesan Museum of Brescia entitled "**Manifestations of the sacred and the copper age**" dedicated to the memory of Angelo Rampinelli Rota, who conceived of and organised the exhibition "The Age of copper" in 2013, and of which this was a natural follow-up. It also organised concerts for the inauguration of the restored G. Tonoli organ of 1887 with the **Parish of the Cathedral**.

Two initiatives took place in the publishing field: the publication of the **Brescia and Province Green Guide** in the Chinese language in co-operation with the Italian Touring club, promoted successfully by businesses in Brescia who have commercial relationships with China, in view, amongst other things, of the influx of tourists resulting from Expo 2015; the publication of the "**Annals of the History of Brescia**" in co-operation with Brescia University's series of books designed to follow on



from the Brescia tradition of study and research that began 50 years ago with the publication of the History of Brescia (1963-1964).

On the invitation of the Prefecture of Brescia, the Foundation participated in the “**Great War**” **Committee** formed by the Prefecture itself to promote and support initiatives to commemorate the centenary of the First World War and on the centenary of the birth of the Brescia artist Arturo Cavellini it supported the project “**Give us back Cavellini**”, a Facebook page created by the Archivio Cavellini Onlus on the life and work the artist (the critic, Vittorio Sgarbi, also supported the project and was a guest in Brescia at the press conference to announce the creation).

As occurs each year, the foundation was a partner in the **Brescia and Bergamo International Pianoforte Festival** at which it awarded the Arturo Benedetti Michelangeli prize to the Russian maestro Yuri Temirkanov and it also continued its support, although to a reduced extent, for the initiatives of the following associations with which it has long-standing connections: the **FAI**, the **Amici dei Musei Association** (friends of museums association), the **Artisti Bresciani Association**, the **Ugo da Como Foundation** and the **Mus-e Brescia Onlus**.

#### FONDAZIONE BANCA POPOLARE DI VIGEVANO

Founded in 1991 by the bank of the same name which was merged into Banca Popolare Commercio e Industria, it has continued over the years to support local initiatives of a humanitarian, social, cultural and charitable nature.

In 2014 it supported action in the health and welfare field for the **Heart Centre** which works to prevent cardiovascular disease and for the **Life Association Onlus**, which works to prevent tumours. In the field of culture it contributed to the publication of works by the well-known Vigevano painter **Cesare Giardini** and the restoration of the chapel in the **Parish Church of San Cristoforo in San Pietro Martire**, where the patron saint of the town Blessed Matthew Carrieri lies.

Given its nature and its distribution network in the community, the UBI Banca Group generates significant indirect impacts on the economy, that are not yet quantifiable due to the difficulty in finding adequate operational instruments and metrics.

The main impacts locally regard the following:

- the competitiveness of the economy, as a result of support to small and medium-sized enterprises to promote growth and technological innovation and to overcome the crisis [☞ FS7];
- the development of depressed economic areas, through geographical choices for the location of branches and the allocation of economic resources [☞ 2.5, FS13];
- the development of the green economy and the reduction of environmental costs through support for investments for energy savings and the development and use of renewable energies [☞ FS8];
- the reduction of risks and the maximisation of the social benefits of development through attention to issues such as financial inclusion and education [☞ FS7, FS14, FS16], growth of a civil economy (the third sector) [☞ FS7], protection of health and safety at the workplace [☞ LA6-LA9], non-discrimination and equal opportunities [☞ LA13, LA14, HR4].

On a national scale UBI Banca generates positive impacts on the reduction of the social costs of economic imbalances, illegal conduct and threats to peace and security by contributing to the efficiency and stability of the financial system (e.g. through proper risk management, compliance with regulations and best commercial practices in relationships with customers and competitors) and it observes the law and co-operates with institutions in the performance of all activities where risks may arise (e.g. matters concerning competition and market abuse, money-laundering, terrorism, privacy and consumer protection) [☞ SO2-SO4].

#### EC9 SIGNIFICANT INDIRECT ECONOMIC IMPACTS

## EN. Environmental performance

In compliance with the principles of the **Global Compact** subscribed to, UBI Banca pursues a preventative and proactive approach to environmental issues, as part of its social responsibility with regard to society and the local communities in which it operates.

To achieve this, in 2008 it set an **Environmental Policy** designed to both progressively and gradually reduce direct environmental impacts in terms of consumption (principally energy, paper and toner), harmful emissions (principally CO<sub>2</sub>) and the production and disposal of waste and the implementation of initiatives to promote virtuous conduct by the various stakeholders.

### Raw materials

The main raw materials used are **paper** and **toner** for printers.

#### EN1 MATERIALS USED

RAW MATERIAL CONSUMPTION <sup>1</sup>	2014	2013	2012
Paper (Kg)	2,244,779	2,167,367	2,324,453
<i>of which: current paper for printing</i>	1,537,465	1,353,380	1,554,766
<i>communication and prints to customers</i>	194,565	245,347	257,586
<i>forms</i>	185,800	174,100	129,081
<i>brochures</i>	143,100	183,097	201,398
<i>corporate reports</i>	16,785	26,250	9,473
<i>envelopes</i>	167,064	185,193	113,149
<i>other publications</i>	-	-	59,000
<i>of which certified: FSC</i>	71%	76%	73%
<i>ECF</i>	86%	100%	100%
<i>Ecolabel</i>	71%	79%	76%
per employee (Kg)	121.9	119.7	130.2
Toner (Kg)	38,175	39,862	39,038
per employee (Kg)	2.1	2.2	2.2

<sup>1</sup>The data are estimated on the basis of actual spending.

The Group is continuing with its commitment to increase the use of paper certified as having a low environmental impact, both because it originates from responsibly managed forests and because of the manufacturing processes employed and to reduce paper and toner consumption by optimising printing activity, but above all by "**paperless**" document processing.

In this respect the activity undertaken in 2013 with **digital signatures** was further extended following an incremental approach with a consequent increase in the volume of documents stored in digital form.

The growth of the service "**My accounts**", which was further enhanced in 2014, now allows all users of the internet banking service (Qui UBI and Qui UBI Affari) to receive most of the documentation which the bank normally sends by ordinary mail in electronic format free of charge. Over 963 thousand customers have been registered for the service (an increase of 23.5% compared with 2013) with approximately 1.3 million accounts signed up.

Notwithstanding the action taken to reduce consumption, a slight increase was recorded compared to 2013 due to the following:

- huge numbers of customers signing contracts for the use of digital signatures, the benefits of which will only become visible from 2015 onwards;
- a slowdown in the acquisition of supplies towards the end of 2013 following the introduction of different procedures for managing budgets. As a consequence stocks were depleted and needed to be built up again by increasing supplies at the beginning of 2014;
- the perimeter on which supplies are measured was widened to include UBI Leasing and UBI Factor

A further increase in the documents available online is planned in 2015 with the extension of the

use of digital signatures to all products that can be purchased online on the **remote selling** platform, the extension of this service to include QUI UBI Imprese internet banking and the extension of the possibility to receive correspondence in electronic format to also include those customers not registered for internet banking services.

**EN2**  
**RECYCLED RAW**  
**MATERIALS**

To date the Group has introduced no specific guidelines for the purchase of products produced using recycled materials. However, this possibility has been considered in the instructions given to buyers in training courses on the sustainability of purchases delivered in February 2015 and it will be included in the next revision of internal regulations on procurement processes.

**Energy**

**EN3**  
**DIRECT ENERGY**  
**CONSUMPTION BY**  
**SOURCE**

The optimisation of energy supplies and consumption is a priority and it is overseen by the Group **Energy Manager** who is responsible for managing energy supply contracts (electricity, methane, gasoil, etc.) and for initiating action for the rational and efficient use of energy sources.

**EN4**  
**INDIRECT ENERGY**  
**CONSUMPTION BY**  
**SOURCE**

The functions responsible at the Parent and at UBI Sistemi e Servizi participate in **ABI Energia – ABI Lab Competence Center** (an Italian Banking Association centre), which acts as a research and training centre for energy savings and advice and it co-ordinates cost analysis and data acquisition as well as acting as a purchasing group for energy at attractive conditions.

**G4-EN5**  
**ENERGY INTENSITY**

☞ 3.6, 3.7 e 3.11

<b>INDIRECT ENERGY CONSUMPTION<sup>1</sup></b>		<b>2014</b>	<b>2013</b>	<b>2012</b>
Electricity purchased (kWh)	kWh	103,336,341	110,254,158	118,799,253
	TOE <sup>2</sup>	19,324	20,618	22,215
	GJ	372,011	396,915	427,677
	per employee	5,976.31	6,285.91	6,638.73
	by surface area (kWh/Sq.m)	105.76	109.87	118.03
	percentage from renewable sources <sup>4</sup>	99.6%	84.2%	100.0%
<i>of wich</i>	<i>purchased kWh</i>	<i>103,124,312</i>	<i>110,031,694</i>	<i>118,561,125</i>
	<i>Toe<sup>2</sup></i>	<i>19,284</i>	<i>20,576</i>	<i>22,171</i>
	<i>GJ</i>	<i>371,248</i>	<i>396,114</i>	<i>426,820</i>
	<i>from owned photovoltaic panels (kWh)</i>	<i>212,029</i>	<i>222,464</i>	<i>238,128</i>
	<i>Toe<sup>2</sup></i>	<i>40</i>	<i>42</i>	<i>45</i>
	<i>GJ</i>	<i>763</i>	<i>801</i>	<i>857</i>
Distric heating (kWh)	kWh	8,535,500	10,555,556	9,220,850
	Toe <sup>2</sup>	734	908	793
	GJ	30,728	38,000	33,195
	per employee	493.64	603.02	516.31
	by surface area (kWh/Sq.m)	8.74	10.54	9.18
<b>TOTAL</b>	<b>TOE<sup>2</sup></b>	<b>20,058</b>	<b>21,525</b>	<b>23,008</b>
	<b>GJ</b>	<b>402,739</b>	<b>434,915</b>	<b>460,872</b>
<b>PER EMPLOYEE</b>	<b>TOE<sup>2</sup>/employee</b>	<b>1.16</b>	<b>1.23</b>	<b>1.29</b>
	<b>GJ/employee</b>	<b>23.29</b>	<b>24.85</b>	<b>25.81</b>
<b>BY SURFACE AREA<sup>3</sup></b>	<b>TOE<sup>2</sup>/Sq.m</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>
	<b>GJ/Sq.m</b>	<b>0.41</b>	<b>0.43</b>	<b>0.46</b>
<b>FROM RENEWABLE SOURCES<sup>5</sup></b>		<b>92.0%</b>	<b>76.8%</b>	<b>92.8%</b>

<sup>1</sup> The data are estimated on the basis of actual spending. See indicator 3.11 for a definition of the coefficients used to calculate TOE and GJ. Consumptions included in shared condominium expenses and not accounted in the table above are estimated to 70% of shared condominium expenses, that were euro 7,090,000 in 2014, euro 8,560,000 in 2013, euro 8,155,000 in 2012.

<sup>2</sup> Ton oil equivalents.

<sup>3</sup> Net internal area.

<sup>4</sup> Purchased electricity covered by certificates GO (Guarantee of origin of energy produced from renewable sources).

<sup>5</sup> Purchased electricity covered by certificates GO (Guarantee of origin of energy produced from renewable sources) and electricity from owned photovoltaic panels.

<b>DIRECT ENERGY CONSUMPTION <sup>1</sup></b>		<b>2014</b>	<b>2013</b>	<b>2012</b>
Heating	TOE <sup>2</sup>	3,385	4,583	4,556
	GJ	140,524	190,339	188,703
<i>of which:</i>	<i>natural gas (Cu.M)</i>	<i>3,607,864</i>	<i>4,916,296</i>	<i>4,617,829</i>
	TOE <sup>2</sup>	2,958	4,031	3,787
	GJ	123,678	168,531	158,299
	<i>Gas oil (Ton)</i>	<i>385</i>	<i>501</i>	<i>701</i>
	<i>Liter</i>	<i>458,140</i>	<i>596,165</i>	<i>834,099</i>
	TOE <sup>2</sup>	416	541	757
	GJ	16,402	21,343	29,861
	<i>LPG (Ton)</i>	<i>10</i>	<i>10</i>	<i>11</i>
	<i>Liter</i>	<i>17,813</i>	<i>18,696</i>	<i>21,255</i>
	TOE <sup>2</sup>	11	11	13
	GJ	444	465	543
Cars for business use only <sup>3</sup>	TOE <sup>2</sup>	323	313	557
	GJ	12,745	12,322	22,051
<i>of which:</i>	<i>Petrol Ton</i>	<i>25</i>	<i>25</i>	<i>16</i>
	<i>Liter</i>	<i>33,818</i>	<i>33,149</i>	<i>21,534</i>
	TOE <sup>2</sup>	30	29	19
	GJ	1,094	1,072	696
	<i>Gas oil Ton</i>	<i>271</i>	<i>261</i>	<i>497</i>
	<i>Liter</i>	<i>323,181</i>	<i>311,175</i>	<i>591,724</i>
	TOE <sup>2</sup>	293	282	537
	GJ	11,646	11,211	21,318
	<i>LPG Ton</i>	<i>0.10</i>	<i>0.86</i>	<i>0.77</i>
	<i>Liter</i>	<i>194</i>	<i>1,585.13</i>	<i>1,430.06</i>
	TOE <sup>2</sup>	0.12	0.94	0.85
	GJ	4.83	39.46	36.53
Cars for business and personal use <sup>3</sup>	TOE <sup>2</sup>	730	783	693
	GJ	28,990	31,088	27,442
<i>of which:</i>	<i>Petrol Ton</i>	<i>6.68</i>	<i>2.31</i>	<i>19.83</i>
	<i>Liter</i>	<i>9,025</i>	<i>3,125</i>	<i>26,798</i>
	TOE <sup>2</sup>	8.01	2.77	23.80
	GJ	292	101	867
	<i>Gas oil Ton</i>	<i>666</i>	<i>715</i>	<i>619</i>
	<i>Liter</i>	<i>792,493</i>	<i>851,129</i>	<i>736,368</i>
	TOE <sup>2</sup>	719	772	668
	GJ	28,558	30,664	26,530
	<i>LPG Ton</i>	<i>3.03</i>	<i>7.00</i>	<i>0.96</i>
	<i>Liter</i>	<i>5,610</i>	<i>12,958.05</i>	<i>1,779.63</i>
	TOE <sup>2</sup>	3.33	7.70	1.06
	GJ	140	322.58	45.46
<b>TOTAL</b>	<b>TOE<sup>2</sup></b>	<b>4,438</b>	<b>5,679</b>	<b>5,806</b>
	<b>GJ</b>	<b>182,258</b>	<b>233,749</b>	<b>238,196</b>
<b>PER</b>	<b>TOE<sup>2</sup> / employee</b>	<b>0.26</b>	<b>0.32</b>	<b>0.33</b>
	<b>GJ / employee</b>	<b>10.54</b>	<b>13.35</b>	<b>13.34</b>
<b>PER</b>	<b>TOE<sup>2</sup> / Sq.m</b>	<b>0.0045</b>	<b>0.0057</b>	<b>0.0058</b>
	<b>GJ / Sq.m</b>	<b>0.1865</b>	<b>0.2334</b>	<b>0.2371</b>
<b>FROM RENEWABLE SOURCES</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

<sup>1</sup> The data is estimated on the basis of actual spending. See 3.11 for a definition of the coefficients used to calculate TOE and GJ.

<sup>2</sup> Ton oil equivalents.

<sup>3</sup> Corporate fleet.

<sup>4</sup> Net internal area.

<b>ENERGY INTENSITY (GJ)<sup>1</sup></b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total energy consumption	584,997	668,664	699,068
Energy intensity per employee	33.83	38.20	39.74
Energy intensity by surface area (Sq.m) <sup>2</sup>	0.60	0.67	0.70

<sup>1</sup> Does not include the corporate mobility by planes, trains and employees' cars.

<sup>2</sup> Net internal area

A substantial contribution to reducing consumption and emissions is made by the properties and

**EN5**  
**ENERGY SAVED DUE**  
**TO CONSERVATION**  
**AND EFFICIENCY**  
**IMPROVEMENTS**

**eco-compatibility of buildings.** The Group has adopted its own design system for the construction and refurbishment of offices and branches, which is constantly brought into line with technological advances available on the market. The system involves an energy section with three lines of action:

- **high energy efficiency lighting**, with a system that guarantees constant levels of lighting and reductions in consumption partly through the possibility of the partial use of individual lamps;
- **machinery and plant**, with high efficiency energy equipment such as refrigeration units with heat pumps fitted with inverters, high-performance condensing boilers with low harmful gas emissions;
- **architecture and structure**, with greater use of insulation and film on windows to control sunlight. This reflects up to 70% of the incoming heat, helping to reduce the need for air conditioning.

In 2014 windows were replaced in four branches with profiles and glass compliant with the architectural and structural design system for buildings. In ten buildings heat generators were replaced with new high performance plants, new high performance heat or refrigeration pumps were installed in 56 buildings and six air treatment units at the Jesi headquarters were fitted with inverters.

Replacement of the generators and heat pumps led to an expected reduction in CO<sub>2</sub>e emissions of 59 tons per year and a reduction in spending on electricity and fuel of €33 thousand per year. Fourteen **new remote control systems** have also been installed in heating and air conditioning systems bringing the number of systems for which on and off times and required ambient temperature are monitored via intranet both in winter and summer up to 328.

With regard to the use of less polluting energy sources, the design stage of a long-term programme was completed during the year for the installation of **photovoltaic panels** at the Banca Carime headquarters in Bari and a long-term **methane conversion project** was completed at one of the most energy devouring premises located in Milan from the viewpoint of gasoil consumption. This conversion which involved the replacement of the heat generators with others with higher performance, will result in a reduction in CO<sub>2</sub>e emissions estimated at 267 tons per year and savings on electricity and fuel of almost €253 thousand per year.

The first action to increase energy efficiency has been completed on the basis of the results of **energy audits** carried out in 2013, with work done on air conditioning systems in the data processing centre and the electrical stations at the UBI Sistemi e Servizi premises in Brescia with a benefit measured in the last four months of the year of 25 tons per year of reduced CO<sub>2</sub>e emissions and savings of €16 thousand on electricity.

Energy audits were commissioned on another three large buildings in 2014 located in Bergamo and Milan, considered amongst the largest devourers of energy in the Group. In order to reduce consumption by **computer equipment**, 2,400 desktops, 2,923 monitors and 76 notebooks were purchased that were **Energy Star, Epeat Gold or FCC certified**, as part of the periodic renewal of the PC fleet. A power capping policy was pursued in data centres (midrange systems) on new hardware installations and the number of **printers** was reduced from 6,135 to 4,991, with the renewal of the remaining models with higher performance versions from an energy consumption viewpoint.

**EN6**  
**INITIATIVES TO**  
**PROVIDE ENERGY**  
**EFFICIENT OR**  
**RENEWABLE ENERGY**  
**BASED PRODUCTS**  
**AND SERVICES**

In consideration of the activity carried out, the indicator is held to be significant, not so much with regard to products and services that are energy efficient in themselves or that are based on renewable energy, as with regard to the supply of products and services designed to support investments for energy savings and the development and the use of renewable energy as reported in another part of this document [FS8].

**EN7  
INITIATIVES TO  
REDUCE INDIRECT  
ENERGY  
CONSUMPTION AND  
THE REDUCTIONS  
ACHIEVED**

In addition to action taken on plant and on wiring and electronic systems, the Group has undertaken various initiatives to reduce indirect energy consumption connected with the mobility of employees. These regard the following: a **travel policy** which gives priority to the use of collective public transport for business travel [↗ EN17]; increasingly greater use of video conferencing to replace physical travel [↗ EN18]; and the use of company buses for travel to and from work [↗ EN18].

**EN8  
TOTAL WATER  
WITHDRAWAL BY  
SOURCE**

**Water**

Water is drawn exclusively from the public water mains and there are no other sources that can be significantly affected by the volumes of withdrawal. Consumption varies over the years, affected partly by the figures for supplier invoices, with possible cases of failure to invoice one year and settlement of the balance in the following year.

<b>WATER CONSUMPTION (Cu.m)</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Water withdrawn from the public mains	429,432	358,217	692,015
per employee	24.8	20.5	38.7

**EN9  
WATER SOURCES  
SIGNIFICANTLY  
AFFECTED BY  
WITHDRAWAL**

In consideration of the activity carried out and its location, the indicators are not considered significant.

**EN10  
WATER RECYCLED  
AND REUSED**

**Biodiversity**

**EN11  
LAND IN PROTECTED  
OR HIGH  
BIODIVERSITY AREAS**

The Group owns over 12 hectares of land located in agricultural areas, but it has no land in protected areas or that is important with regard to the protection of biodiversity.

**EN12  
IMPACTS OF  
ACTIVITIES,  
PRODUCTS, AND  
SERVICES ON  
BIODIVERSITY**

In consideration of the activity carried out and its location, the indicators are not considered significant.

**EN13  
HABITATS  
PROTECTED OR  
RESTORED**

**EN14  
STRATEGIES AND  
ACTIONS FOR  
MANAGING IMPACTS  
ON BIODIVERSITY**

**EN15  
PROTECTED SPECIES  
IN AREAS WHERE THE  
ORGANISATION  
OPERATES**

## Emissions, effluents and waste

### EN16 TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

Indirect emissions of harmful gases into the atmosphere have been drastically reduced due to the purchase of higher proportions of certificates. These are **GO certificates** (Guarantee of Origin of electricity generated from renewable sources) from C.V.A. Trading and AZA Energia (99.6% of the entire supply compared with 84.2% in 2013)<sup>1</sup> [EN4].

### G4-EN18 GREENHOUSE GAS EMISSIONS

Emissions resulting from district heating are not included in the calculation, because the heat used is a thermal by-product of power generation.

3.11

DIRECT EMISSIONS (Tons)	2014					2013					2012				
	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Other gases <sup>1</sup>	CO <sub>2e</sub>	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Altri gas <sup>1</sup>	CO <sub>2e</sub>	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Altri gas <sup>1</sup>	CO <sub>2e</sub>
From heating systems	8,276.5	9.9	2.3	0.6	8,330.2	11,165.3	13.4	3.0	0.8	11,242.6	11,295.2	13.2	4.2	1.1	11,375.3
<i>Gas oil</i>	1,208.8	1.2	2.2	0.2	1,220.7	1,572.9	1.5	2.9	0.2	1,589.4	2,200.7	2.1	4.1	0.3	2,223.7
<i>LPG</i>	28.80			n.s.	29.1	30.1			n.s.	30.2	34.2			n.s.	34.3
<i>Naturale gas</i>	7,038.9	8.7	0.1	0.4	7,080.4	9,562.2	11.9	0.1	0.6	9,623.0	9,060.2	11.2	0.1	0.8	9,117.2
Car used for corporate <sup>2</sup>	930.0				939.6	899.1			0.1	909.5	1,611.6			0.8	1,627.1
<i>Petrol</i>	77.8				78.9	76.3				77.5	49.5				50.3
<i>Gas oil</i>	851.9				860.4	820.2			0.1	829.3	1,559.7			0.8	1,574.3
<i>LPG</i>	0.3				0.3	2.6				2.7	2.3				2.4
Car used mixed <sup>2</sup>	2,118.8				2,140.0	2,271.6			0.1	2,297.5	2,005.5			0.8	2,024.8
<i>Benzina</i>	20.8				21.0	7.2				7.3	61.7				62.6
<i>Gas oil</i>	2,088.9				2,109.8	2,243.5			0.1	2,268.2	1,941.0			0.8	1,959.2
<i>LPG</i>	9.1				9.2	20.9				22.0	2.9				3.0
<b>TOTAL</b>	<b>11,325.3</b>	<b>9.85</b>	<b>2.32</b>	<b>0.58</b>	<b>11,409.7</b>	<b>14,335.9</b>	<b>13.36</b>	<b>3.03</b>	<b>0.99</b>	<b>14,449.6</b>	<b>14,912.3</b>	<b>13.23</b>	<b>4.20</b>	<b>2.74</b>	<b>15,027.2</b>

<sup>1</sup> Includes CH<sub>4</sub> e N<sub>2</sub>O.

<sup>2</sup> Car company fleet

INDIRECT EMISSIONS (Ton) <sup>1</sup>	2014					2013					2012				
	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Other gases <sup>1</sup>	CO <sub>2e</sub>	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Other gases <sup>1</sup>	CO <sub>2e</sub>	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Other gases <sup>1</sup>	CO <sub>2e</sub>
Electricity purchased not covered by certificates GO	154.7	0.20	0.22	0.01	155.4	6,848.5	8.54	9.41	0.39	6,879.0	-	-	-	-	-
<b>TOTAL</b>	<b>154.7</b>	<b>0.20</b>	<b>0.22</b>	<b>0.01</b>	<b>155.4</b>	<b>6,848.5</b>	<b>8.54</b>	<b>9.41</b>	<b>0.39</b>	<b>6,879.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Includes CH<sub>4</sub> e N<sub>2</sub>O.

EMISSIONS INTENSITY (Ton) <sup>1</sup>	2014					2013					2012				
	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Other gases <sup>2</sup>	CO <sub>2e</sub>	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Other gases <sup>2</sup>	CO <sub>2e</sub>	CO <sub>2</sub>	NO <sub>x</sub>	SO <sub>x</sub>	Other gases <sup>2</sup>	CO <sub>2e</sub>
Total emissions	11,480.0	10.05	2.54	0.59	11,565.1	21,184.4	21.9	12.4	1.4	21,328.6	14,912.3	13.23	4.20	0.82	15,027.2
Emissions intensity per employee	0.66				0.67	1.21				1.22	0.84				0.84
per surface area (Sq.m) <sup>3</sup>	0.01				0.01	0.02				0.02	0.01				0.01

<sup>1</sup> Does not include the corporate mobility by planes, trains and employees' cars.

<sup>2</sup> Includes CH<sub>4</sub> and N<sub>2</sub>O.

<sup>3</sup> Net internal area

### EN17 OTHER INDIRECT GREENHOUSE GAS EMISSIONS

3.11

Other indirect greenhouse gas emissions mainly regard business travel using vehicles other than those in the Group car fleet. [EN16].

<sup>1</sup> The figure for 2013 has been adjusted because the final figure for the purchase of COFER certificates was different from that estimated at the time of preparing the report.

**EN18**  
INITIATIVES TO  
REDUCE GREENHOUSE  
GAS EMISSIONS AND  
THE REDUCTIONS  
ACHIEVED

EN5 e EN7

BUSINESS TRAVEL (Tons)	2014		2013		2012	
	CO <sub>2</sub>	CO <sub>2</sub> e	CO <sub>2</sub>	CO <sub>2</sub> e	CO <sub>2</sub>	CO <sub>2</sub> e
Private cars	2,301.9	2,326.8	2,293.4	2,318.2	2,948.1	2,979.9
Train	149.0	149.9	144.7	145.5	100.4	101.0
Air	731.3	735.2	878.9	883.6	612.2	615.4
<b>TOTAL</b>	<b>3,182.2</b>	<b>3,211.9</b>	<b>3,317.0</b>	<b>3,347.3</b>	<b>3,660.7</b>	<b>3,696.3</b>

<sup>1</sup> Company car fleet emissions are excluded, as they are already considered for calculating direct emissions.

In 2014, Km used for the calculation of emissions of trains and planes are respectively 85.3% and 85.5% of the total provided by the travel agency and refer to the routes for which it was possible to determine the specific mileage. Emissions accounted for trains, planes and personal cars in 2012 and 2013 were recalculated based on new emission coefficients reported in the indicator 3.11.

The Group has a number of large business centres (the headquarters of the Parent, the network banks and the product companies) on which problems of sustainable mobility and initiatives to solve them are concentrated. These matters are supervised by the Group **Mobility Manager** in the Human Resources Area.

In order to encourage more sustainable **to-and-from work mobility**, for some years now protected parking areas have been provided for bicycles in some of the main headquarters of the Group and a coach shuttle service runs between Bergamo, Varese, Brescia and Milan (and actually within the city for the latter). In 2014 the service was used on average by 400 employees per day, thereby preventing emissions of well over 1,081 tons of CO<sub>2</sub> compared to the use of car travel.

VIDEO-CONFERENCES	2014	2013	2012
Offices equipped	987	383	326
Video rooms	319	216	183
Number of video-conferences	23,883	20,801	16,030
number of participants	71,649	62,403	48,090
average number of participants	3	3	3
Estimated CO <sub>2</sub> emission savings (Ton)			
CO <sub>2</sub>	550	479	369
CO <sub>2</sub> e	560	488	376

In order to educate Group employees, the Energy Manager, in co-operation with the Plant Regulations sector at UBI Sistemi e Servizi, produced a new "**Energy Vademecum**" which proposes 15 simple ways of saving energy and conserving the environment. The document was published on the Group intranet UBILife, introduced into company regulations with a special circular and published on the Group's corporate website.

**EN19**  
EMISSIONS OF  
OZONE-DEPLETING  
SUBSTANCES

The only source of ozone-depleting substances involved in the activity carried out consists of air conditioning systems.

Air conditioning systems installed in new buildings and refurbished buildings use **ecological refrigerant fluid** with a lower environmental impact and consequently at present new air conditioning systems contain the non-polluting R410 refrigerant gas and increasingly fewer old systems remain which still use R22 gas, as well non-polluting R407 and R134 gases. There were a total of 56 plants still functioning with this gas which were replaced in 2014 with others' functioning with R410 gas. With regard to the R22 gas, in 2014 the maintenance firms used 1,344 kg (of which 68 kg of regenerated gas) of this to top up the levels in systems that had been repaired due to leaks.

**EN20**  
OTHER SIGNIFICANT  
AIR EMISSIONS

In consideration of the activity carried out, significant polluting air emissions regard those substances reported in table EN16 only, which also gives NO<sub>x</sub> and SO<sub>x</sub> emissions [EN16].



**EN21**  
**WATER DISCHARGE**

All water consumed (including water used in air conditioning systems, which cannot be quantified separately) is withdrawn from the public water mains and is discharged into the public sewers.

**EN22**  
**WASTE BY TYPE AND DISPOSAL METHOD**

As much as 99.99% of separated waste is sent for recycling or recovery. This does not include solid urban refuse which is managed by the public waste collection service and for which we are unable to record the quantities.

WASTE SEPARATION (Kg)	2014	2013	2012
Paper and cardboard/paper packaging	1,391,586	1,609,650	1,675,938
Other packaging	154,444	136,753	139,197
Toner	32,506	31,830	34,730
Glass, cans and iron	1,045	3,270	2,303
Plastic	7,360	2,601	3,108
Other waste	161,531	77,296	42,986
<b>TOTAL</b>	<b>1,748,472</b>	<b>1,861,399</b>	<b>1,898,261</b>
of which hazardous <sup>1</sup>	0.21%	0.39%	0.38%
per employee	101.10	106.3	106.3
by surface area <sup>2</sup> (Kg/Sq.m)	1.8	1.9	1.9

<sup>1</sup> Hazardous waste as defined by Legislative Decree 152/2006 "Environmental regulations" and s.m.i.

<sup>2</sup> Net internal area (see indicator 3.6).

**EN23**  
**SIGNIFICANT POLLUTANT SPILLS**

In consideration of the activity carried out and its location, the indicator is not considered important.

**EN24**  
**HAZARDOUS WASTE**

Hazardous waste [EN22] is 98.6% retired electronic equipment containing dangerous substances, 1.1% packaging with dangerous substances, while the remaining 0.3% is medical waste. All hazardous waste is handled by authorised local waste disposal companies.

**EN25**  
**WATER HABITATS AFFECTED BY WATER DISCHARGES**

In consideration of the activity carried out and its location, the indicator is not considered important.

**Products and services**

**EN26**  
**INITIATIVES TO MITIGATE ENVIRONMENTAL IMPACTS OF PRODUCTS AND SERVICES**

In consideration of the activity carried out, it is not considered possible to identify the environmental impacts of the production and use of the Group's products and services, other than those already reported through the other indicators for environmental aspects of operations.

**EN27**  
**PRODUCTS SOLD AND THEIR PACKAGING MATERIALS THAT ARE RECLAIMED**

In consideration of the activity carried out, the indicator is not considered important.

## Compliance

**EN28**  
SIGNIFICANT FINES  
AND NON-  
MONETARY  
SANCTIONS FOR  
NON-COMPLIANCE  
WITH  
ENVIRONMENTAL  
LAWS AND  
REGULATIONS.

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No significant penalties imposed for non-compliance with environmental regulations.

## Transport

**EN29**  
SIGNIFICANT  
ENVIRONMENTAL  
IMPACTS OF  
TRANSPORTING  
PRODUCTS AND  
MATERIALS USED AND  
OF TRANSPORTING  
PERSONNEL

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In consideration of the activity carried out, the indicator is not considered important, except in relation to employee mobility. [↔ EN16, EN17]

## Overall

**EN30**  
ENVIRONMENTAL  
PROTECTION  
EXPENDITURES AND  
INVESTMENTS

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No monitoring of expenditures and investments in environmental protection is currently performed and none is planned in the short-term.

## LA. Labour practices and decent work

Personnel represent an asset with values, capabilities and competencies, the recognition and enhancement of which constitute essential conditions for achieving UBI Banca's mission.

The principles endorsed by the **ILO (International Labour Organisation)** conventions are applied throughout the Group. The local and national standards which Group companies and banks must observe are based on those principles. The policies and processes for personnel management comply with these principles and those of the **Global Compact** and they employ the values of fairness, consistency, meritocracy and uniformity to translate Group objectives into personal, team and corporate results.

### Employment

The requirement to take action on the cost of labour by optimising staff numbers, in connection with the impact of the negative performance of the economy in general on volumes of business, and the desire to do this in a socially sustainable manner, led UBI Banca to sign agreements with trade union organisations to provide **early retirement** incentives on a voluntary basis with a related **generation turnover** programme and to **introduce layoffs, reductions in working hours and part-time working**. [↗ Reports and Accounts 2014 p. 39-40, 71-72, 5\*-6\*, LA5]

#### LA1 PROFILE OF THE PERSONNEL

↗ LA13

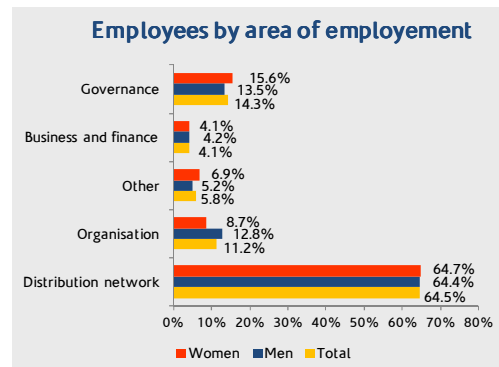
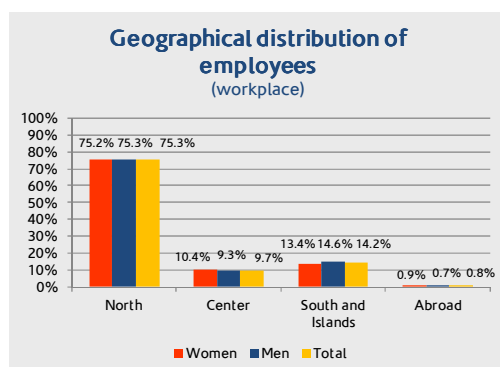
PERSONNEL AT THE END OF THE YEAR	2014		2013		2012	
	Total	Women	Total	Women	Total	Women
Employees	18,144	6,860	18,350	6,861	19,105	7,051
of which:						
<i>permanent</i>	17,947	6,759	18,168	6,771	19,010	7,006
<i>on temporary contracts</i>	153	78	140	68	87	45
<i>apprentices</i>	44	22	42	22	8	-
Associate workers	24	11	16	8	34	13
of which:						
<i>personnel leasing</i>	-	-	1	-	2	1
<i>other contracts (e.g. internship/agency)</i>	24	11	15	8	32	12
<b>TOTAL</b>	<b>18,168</b>	<b>6,871</b>	<b>18,366</b>	<b>6,869</b>	<b>19,139</b>	<b>7,064</b>

In 2014 average associate workers during the year numbered 22, of which 13 were women, almost all on internships under arrangements with the universities to which they belonged.

PART-TIME WORK CONTRACTS	2014			2013			2012		
	Total	Women	Women out of staff	Total	Women	Women out of staff	Total	Women	Women out of staff
Employees	1,681	1,592	9.3%	1,637	1,557	8.9%	1,651	1,564	8.6%

Full use is made with regard to policies for **reconciling family and work time** of flexibility tools which include a **"time bank"** and **part-time working**. In general, priority is given in allowing part-time work contracts to applicants with good grounds and in particular to those justified by the need to care for children, whether biological or fostered (below maximum junior school age) or by serious family reasons and/or because of the health of the applicant, a spouse, first degree relatives and person's under the legal guardianship of the applicant.

Where possible, if compatible with the operating requirements of the company, employment solutions are sought within the organisational unit to which the person belongs or one close to it. Weekly and daily working hours and the number of hours worked on part-time contracts are agreed between the company, the organisational unit in question and the employee, in the context of the provisions of the agreements mentioned, with maximum flexibility with regard to the employee's requirements, and in a manner compatible with service requirements. The duration of part-time contracts is generally for a maximum of four years, which may be extended, although permanent part-time employment contracts may also be considered. Female workers on fixed-term part-time contracts who take leave from work for pregnancy, maternity and postnatal convalescence, may in any case request a further part-time contract of four years at the end of that period of leave.



Geographical mobility, considered as working in a different province to that in which a person is resident, affects 20% of employees.

Where possible and compatible with organisational and service requirements, Group companies make efforts to meet requests to work close to home, especially with regard to employees classified as belonging to “professional areas” and to employees who have been working for at least two years in organisational units at distances of over 20 km from their homes. Moving personnel closer to their homes may result in new or different duties from those performed in their original organisational units.

New trade union agreements have added a new flexibility tool known as “**smart working**”, which involves carrying out some work in the offices of Group companies located in the towns in which those staff affected by geographical mobility are resident.

Activity to find and select personnel is carried out by the Human Resources Area of UBI Banca for the whole Group. The selection process is based on criteria of transparency and independent judgement and it involves aptitude and behavioural tests (which may also be taken remotely), interviews and individual and Group exercises. In 2014 the procedure was revised with the introduction of tests to assess the educational, professional and human experiences of the candidates, CV requirements were refined on the basis of the growing complexity of professional roles required in the Group and the attractiveness of the Group as an “*employer of choice*” was enhanced.

Candidates are acquired through the “**Work**” section of the corporate website and the search for *specialist* and *professional* profiles was improved by using **social networks** and LinkedIn in particular. In 2014 22 thousand new CVs were acquired and selection activity involved approximately 900 candidates, with a focus on new university graduates and *professionals* and *middle management* roles with experience in various specialist areas. The quality of the candidates is also connected with the events in which UBI Banca participates in the main schools and universities located in the areas in which the Group operates (company presentations, career days, career counselling days and recruiting).

Co-operation with training institutes in 2014 led to 89 internships (for school leavers, university undergraduates and new graduates) providing young people with the chance to train in units at the Parent or in the network banks. A further 16 trainee position appointments were made at representative offices in China, Brazil, India and Russia.

APPOINTMENTS	2014		2013		2012	
	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN
On temporary contracts	255	148	315	181	141	79
of which from:						
personnel leasing	0	0	0	0	2	0
apprentices	4	1	42	22	0	0
internship	0	0	0	0	1	0
Permanent	48	14	39	18	61	21
of which from:						
personnel leasing	0	0	0	0	1	0
internship	0	0	0	0	0	0
<b>TOTAL</b>	<b>303</b>	<b>162</b>	<b>354</b>	<b>199</b>	<b>202</b>	<b>100</b>

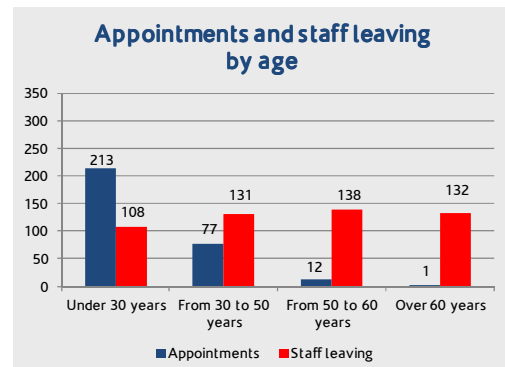
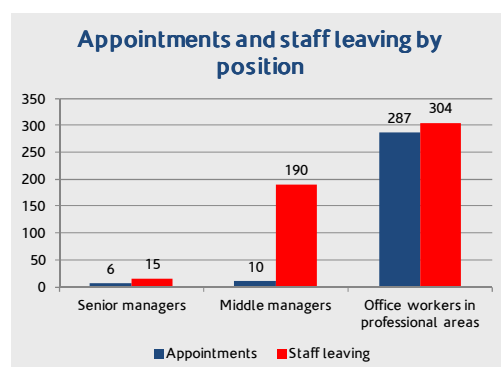
CONVERSION FROM TEMPORARY CONTRACTS	2014		2013		2012	
	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN
From apprentices	0	0	8	0	9	5
Other	90	46	63	31	15	3
<b>TOTAL</b>	<b>90</b>	<b>46</b>	<b>71</b>	<b>31</b>	<b>24</b>	<b>8</b>

STAFF LEAVING	2014		2013		2012	
	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN
Business Plan reductions	203	35	742	213	119	46
of which:						
<i>“solidarity fund”</i>	187	28	677	192	2	2
<i>incentivised redundancies</i>	16	7	65	21	117	34
Voluntary resignations	111	28	93	23	112	30
End of contract	143	90	157	105	143	89
Retirement	12	4	5	1	9	3
Dismissal	16	2	18	3	32	4
Other	24	6	25	11	41	6
<b>TOTAL</b>	<b>509</b>	<b>165</b>	<b>1,040</b>	<b>356</b>	<b>456</b>	<b>168</b>

RATE NEW EMPLOYEE HIRES RATE AND TURNOVER	2014		2013		2012	
	NEW EMPLOYEE	TURNOVER <sup>2</sup>	NEW EMPLOYEE	TURNOVER <sup>2</sup>	NEW EMPLOYEE	TURNOVER <sup>2</sup>
<b>By position</b>						
Senior managers	1.7%	4.2%	0.0%	17.3%	0.2%	4.9%
Middle managers	0.1%	2.5%	0.0%	6.5%	0.3%	1.9%
Other personnel	2.8%	3.0%	3.3%	4.7%	1.6%	2.6%
<b>By gender</b>						
Men	1.2%	3.0%	1.3%	6.0%	0.8%	2.4%
Women	2.4%	2.4%	2.9%	5.2%	1.4%	2.4%
<b>By age</b>						
Under 30	31.9%	16.2%	33.4%	14.3%	12.3%	10.0%
30 to 50	0.7%	1.2%	0.6%	1.1%	0.6%	1.4%
50 to 60	0.2%	2.3%	0.2%	8.8%	0.2%	2.0%
over 60	0.1%	17.5%	0.2%	57.4%	0.2%	16.1%
<b>By geographical area</b>						
North	1.9%	3.2%	2.0%	5.2%	0.9%	2.0%
Central	1.1%	1.5%	2.2%	5.9%	1.5%	3.9%
South and Islands	0.5%	1.2%	0.9%	7.9%	0.9%	2.6%
Abroad	6.2%	6.9%	6.8%	9.5%	7.7%	12.6%
<b>TOTAL</b>	<b>1.7%</b>	<b>2.8%</b>	<b>1.9%</b>	<b>5.7%</b>	<b>1.1%</b>	<b>2.4%</b>

<sup>1</sup> Ratio appointments by category on total employees by category at the end of the year

<sup>2</sup> Ratio staff leaving by category on total employees by category at the end of the year.

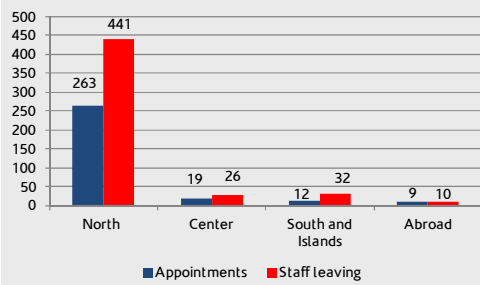


Total turnover – 2.8% compared with 5.7% in 2013 and 2.4% in 2012 – was affected mainly by personnel leaving on early retirement schemes implemented under the Framework Agreement of 29<sup>th</sup> November 2012 and the subsequent trade union memorandum of intent signed on 10<sup>th</sup> October 2013. Voluntary turnover, on the other hand, was more or less unchanged at 0.6% compared with 0.5% in 2013 and 0.6% in 2012.

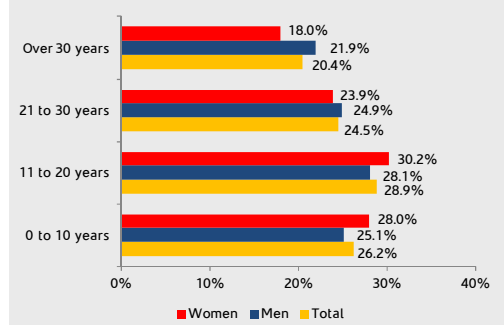
Intragroup mobility affected 347 persons (29.1% women) during the year, 8% less than in 2013. Transfer of the employment contract was carried out for three of these.

The average length of service is 20 years for men and 19 for women, while overall average length of service is 19 years.

**Geographical distribution of appointments and staff leaving**



**Length of service**



**LA3  
BENEFITS PROVIDED  
TO FULL-TIME  
EMPLOYEES THAT ARE  
NOT PROVIDED TO  
TEMPORARY OR  
PART-TIME EMPLOYEES**

All Group employees, whether full-time or part-time can benefit, depending on the company to which they belong, from **supplementary forms of pension and health care**, insurance policies covering death or permanent disability, **gifts** on important occasions such as marriages, births and adoptions, degree awards, **scholarship grants** for children, **paid leave** to care for disabled family members, the emergency hospitalisation of family members, the birth or adoption of children and when they start nursery schooling. Cash grants are made to support single income families or families with disabled members.

SERVICES AND CONCESSIONS FOR EMPLOYEES	2014		2013		2012	
	NO. USERS	COSTS INCURRED (thousands of euro)	NO. USERS	COSTS INCURRED (thousands of euro)	NO. USERS	COSTS INCURRED (thousands of euro)
Children's nurseries <sup>1</sup>	77	339	83	352	77	277
of which:						
<i>Bergamo</i>	46		46		40	
<i>Brescia</i>	8		13		13	
<i>Milan</i>	12		12		12	
<i>Jesi</i>	11		12		12	
Summer recreational center for children	133	31	90	23	-	-
of which:						
<i>Bergamo</i>	90	19	90	23	-	-
<i>Brescia</i>	43	12	0	0	-	-
Company cultural and recreational clubs <sup>2</sup>	20,726	490	29,063	529	22,811	555
of which for:						
<i>sport</i>	4,162		2,972		3,125	
<i>tourist activities</i>	3,313		2,382		3,485	
<i>cultural activities</i>	4,727		4,411		5,138	
<i>recreational activities</i>	7,464		9,506		9,660	
activities and services for children	1,060		9,792		1,403	
Shuttle coach service		907		906		883
Supplementary pensions and insurance policies		50,861		52,466		52,570
Study grants and contributions to families		4,593		4,372		4,268
<b>TOTAL COSTS</b>		<b>57,221</b>		<b>58,671</b>		<b>58,553</b>

<sup>1</sup> Cral BPA, Cral BPB, Cral BPCI, Cral ex BSG, Cral CARIME, Circolo del Personale BRE and G.I.D UBI Banca, BVC.

EMPLOYEES WHO BENEFITED FROM LEAVE	2014			2013			2012		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Maternity and childcare	1,649	563	1,086	2,884	750	2,134	1,818	582	1,236
Study	153	93	60	238	136	102	148	83	65
Other personal needs	5,373	2,789	2,584	5,841	2,981	2,860	5,777	2,949	2,828
<b>TOTAL</b>	<b>7,175</b>	<b>3,445</b>	<b>3,730</b>	<b>8,963</b>	<b>3,867</b>	<b>5,096</b>	<b>7,743</b>	<b>3,614</b>	<b>4,129</b>

LEAVE DAYS	2014			2013			2012		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
Maternity and childcare	70,843	4,026	66,817	66,093	4,439	61,654	89,750	n.d.	n.d.
Study	912	552	360	820	460	360	935	n.d.	n.d.
Other personal needs	14,995	7,008	7,987	9,078	4,818	4,260	18,060	n.d.	n.d.
<b>TOTAL</b>	<b>86,750</b>	<b>11,586</b>	<b>75,164</b>	<b>75,991</b>	<b>9,717</b>	<b>66,274</b>	<b>108,745</b>	<b>n.d.</b>	<b>n.d.</b>

The various services include **company crèches**, eight **company cultural and recreational clubs**, holiday accommodation facilities at tourist locations at attractive prices and **shuttle bus services** provided for travel to-and-from work at work places with large concentrations of personnel [☞ EN18].

Favourable terms and conditions are granted on charges and commissions for banking services along with loans at special rates for the purchase of homes and automatic credit on easy terms in line with the best market conditions.



Since 2002 the families of employees both in service and retired, with disabled children who are not self-sufficient, have been able to count on the support of the **Clematis Onlus**, an association created on the initiative of a group of employees supported financially by the Group. The association has signed an insurance agreement to provide the disabled children with an annual supplementary, revaluable, income of €12,000 payable on the death of both parents. The agreement has been signed by 68 families – of which 34 retired employees – for 73 disabled children. The Association also pays grants toward the costs of “rehabilitation training” for the parents and their disabled children and for the purchase of facilities not reimbursed by public or private sector institutions.

**LA15**  
**RETURN TO WORK**  
**AND RETENTION**  
**RATES AFTER**  
**PARENTAL LEAVE**

Under Italian law a period of parental leave is compulsory for women employees, normally during the two weeks prior to the presumed date of childbirth and three months after childbirth and leave from work is optional for both parents (separately), in the first eight years of a child’s life normally for a maximum period of six months for each of them and a maximum of 10 months cumulatively for both requests.

<b>COMPULSORY PARENTAL LEAVE</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Employees taking leave during the year	399	429	474
<i>of which:</i>			
<i>still on leave at the end of the year</i>	126	147	162
<i>returned from leave during the year</i>	273	282	310
<i>resigned when leave ended</i>	-	2	2
Employees in work 12 months after leave ended	286	308	322
Rate of return <sup>1</sup>	100.0%	99.3%	99.4%
Retention rate <sup>2</sup>	92.3%	95.4%	93.3%

<sup>1</sup> At the end of the parental leave.

<sup>2</sup> One year after the end of the parental leave.

<b>OPTIONAL PARENTAL LEAVE</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Employees taking leave during the year	500	405	623
<i>of which women</i>	94.2%	96.3%	95.3%

In addition to parental leave, legislation and collective national and supplementary company labour contracts, allow for days of leave to be taken for maternity and to care for children (e.g. nursing) [☞ LA3] and to assist disabled family members [☞ LA7].

### Labour/Management relations

There are eight trade union organisations in the Group to which 83% of employees belong.

There is no restriction on the freedom of association and membership of trade unions. All trade union organisations operate freely without restrictions and the Group makes adequate operational means available to them to conduct trade union activities. Relations with trade union organisations are based on the search for agreement, as far as possible, on solutions to the issues which are discussed from time to time, through transparent, concrete and continuous dialogue even beyond the minimum required by institutional procedures.

Work on trade union relations was intense in 2014 with 99 trade union meetings held for a total of 742 hours, both to carry out negotiations in relation to the 2011-2013/15 business plan and to sign

other agreements at Group and single company level. During the year trade union representatives took 30,804 days of trade union leave and 8,580 hours of absence occurred for strikes for reasons relating to the economic and political affairs of the country, while no strikes occurred for company or sector disputes. [[☞ Reports and Accounts 2014 p. 38-39, 73-74](#)]

**LA4**  
**EMPLOYEES COVERED**  
**BY COLLECTIVE**  
**BARGAINING**  
**AGREEMENTS**

All employees of Group companies registered in Italy (accounting for 99.4% of all Group employees) are covered by national labour agreements.

[[☞ Reports and Accounts 2014 p. 73-74, 105\\*\\*-107\\*\\*](#)]

**LA5**  
**MINIMUM NOTICE**  
**PERIODS REGARDING**  
**OPERATIONAL**  
**CHANGES**

Important organisational changes were implemented in full compliance with the procedures set out in the Banking National Labour Contract which sets a minimum period of 45 days for negotiations with trade union organisations. Great attention was paid with the reorganisation measures, which met important requirements to improve and rationalise the organisation, to minimise repercussions for workers with regard to retraining, geographical mobility and reconciliation of work with family time.

The change of role and retraining processes were managed with priority given to enhancing human and professional resources, pursued also by proposing special training programmes. Intragroup mobility is managed, insofar as it is possible, as an opportunity for the occupational growth and enhancement of individuals, by assigning employees with new duties consistent with their qualifications, experience, potential and aptitudes.

Organisational changes were made in 2014 including action planned under the 2011-2013/15 Business Plan, with trade union negotiations which led to agreements being signed at Group and single company level. [[☞ Reports and Accounts 2014 p. 73-74](#)].

## Occupational health and safety

Occupational health and safety matters are regulated in great detail by Legislative Decree No. 81/2008, the provisions of which are applied in all Group companies. A specific function was created at the Parent, on the staff of the Chief Operating Officer, which has the duty of overseeing implementation of legislation on the matter throughout the Group and to officially fill the role of the Prevention and Protection Service for those Group companies for which a specific service provision contract is in place. The function is constantly supported by a leading consulting company.

[[☞ Reports and Accounts 2014 p. 202-204](#)]

**LA6**  
**WORKFORCE**  
**REPRESENTED IN**  
**FORMAL JOINT**  
**MANAGEMENT-**  
**WORKERS HEALTH**  
**AND SAFETY**  
**COMMITTEES**

In accordance with article 35 of Legislative Decree No. 81/2008, annual meetings are held in all companies, attended by company representatives (the employer and its representatives), the manager and the staff of the Prevention and Protection Service, the Corporate Physician and workers safety representatives, where appointed. Additional meetings are held, sometimes separately, between the Prevention and Protection Service and each of the parties mentioned above, to study specific issues in detail. The Manager of the Prevention and Protection Service is also periodically convened by the 231 (administrative liability) Supervisory Bodies and/or by the Boards of Statutory Auditors of the various Group companies (Supervisory Board for the Parent) and takes part, as Group representative, in the proceedings of the "health and safety working group" formed as part of the Trade Union and Labour Department of the Italian Banking Association.

**LA7**  
**INJURY, DISEASES**  
**AND ABSENTEEISM**

**Accident** figures in 2014 – according to INAIL (National accident insurance institute) statistics – confirmed what had been recorded in previous years with regard to the low levels of hazard in work environments and processes in the banking sector. In fact the banking sector was positioned in the lowest class in terms of absolute severity, the frequency and seriousness of accidents, with the majority of total injuries occurring while travelling. The phenomenon of *accidents travelling* to



and from work which account for over 70% of the total accidents in which employees are involved is connected with the geographical distribution of the branch networks and the consequent need for workers to have their own means of transport, because public transport networks are not sufficiently widespread and integrated. The Group is perfectly in line with the sector and pursues special policies designed to reduce road accident risks at the source, by giving preference to the use of public transport for work activities and by making collective transport facilities available, where restructuring processes result in significant travelling requirements for personnel [ LA3, EN17, EN18].

For potential sources of accident risk ordinarily present at the workplace, such as those connected with the ordinary and extraordinary maintenance of properties and the relative wiring and services, work to educate personnel is continuous. It is performed by staff at UBI Sistemi e Servizi, which manages relations directly with the suppliers who perform the work. In cases of accidents attributable to failings or omissions by maintenance firms, the failings observed have been officially contested and the firms reminded of the safety obligations agreed to in contracts.

In order to constantly monitor accidents that occur at the workplace, a precise reporting process is in place carried out by the administrative units responsible for maintaining contacts with INAIL for the Prevention and Protection Unit. The latter analyses accidents on the basis of events that caused them in order to identify possible causes attributable to failure to implement maintenance and faulty maintenance or design of workplaces with the objective of taking appropriate technical action to mitigate risks.

ACCIDENTS BY GENDER	2014			2013			2012		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
<b>At work</b>									
No. of events	60	37	23	51	20	31	51	26	25
Injury rate	0.46	0.43	0.52	0.40	0.24	0.72	0.39	0.30	0.56
GRI 4.0 Injury rate	0.000002	0.000002	0.000003	0.000002	0.000001	0.000004	0.000002	0.000002	0.000003
No. of days lost	948	520	428	1,051.00	384.00	667.00	1,554.00	873.00	681.00
Seriousness index	7.32	6.09	9.69	8.28	4.58	15.52	11.98	10.23	15.34
GRI 4.0 Seriousness index	0.000028	0.000024	0.000036	0.000030	0.000017	0.000054	0.000043	0.000038	0.000054
<b>Commuting</b>									
No. of events	150	102	48	135	86	49	175	101	74
Injury rate	1.16	1.20	1.09	1.06	1.02	1.14	1.35	1.18	1.67
GRI 4.0 Injury rate	0.000006	0.000006	0.000005	0.000005	0.000005	0.000006	0.000007	0.000006	0.000008
No. of days lost	2,453	1,654	799	3,356	2,328	1,028	5,258	3,358	1,900
Seriousness index	18.94	19.38	18.09	26.45	27.75	23.92	40.53	39.35	42.79
GRI 4.0 Seriousness index	0.000074	0.000078	0.000066	0.000097	0.000105	0.000083	0.000146	0.000144	0.000150
<b>TOTAL NO. OF EVENTS</b>	<b>210</b>	<b>139</b>	<b>71</b>	<b>186</b>	<b>106</b>	<b>80</b>	<b>226</b>	<b>127</b>	<b>99</b>
<b>Injury rate</b>	<b>1.62</b>	<b>1.63</b>	<b>1.61</b>	<b>1.47</b>	<b>1.26</b>	<b>1.86</b>	<b>1.74</b>	<b>1.49</b>	<b>2.23</b>
<b>GRI 4.0 injury rate</b>	<b>0.000008</b>	<b>0.000008</b>	<b>0.000008</b>	<b>0.000007</b>	<b>0.000006</b>	<b>0.000009</b>	<b>0.000009</b>	<b>0.000007</b>	<b>0.000011</b>
<b>TOTAL NO. OF DAYS LOST</b>	<b>3,401</b>	<b>2,174</b>	<b>1,227</b>	<b>4,407</b>	<b>2,712</b>	<b>1,695</b>	<b>6,812</b>	<b>4,231</b>	<b>2,581</b>
<b>Seriousness index</b>	<b>26.26</b>	<b>25.47</b>	<b>27.77</b>	<b>34.73</b>	<b>32.32</b>	<b>39.44</b>	<b>52.50</b>	<b>49.58</b>	<b>58.13</b>
<b>GRI 4.0 Seriousness index</b>	<b>0.000102</b>	<b>0.000102</b>	<b>0.000102</b>	<b>0.000127</b>	<b>0.000122</b>	<b>0.000137</b>	<b>0.000190</b>	<b>0.000182</b>	<b>0.000204</b>

ACCIDENTS BY GEOGRAPHICAL AREA	2014			2013			2012		
	NORTH	CENTRAL	SOUTH AND ISLANDS	NORTH	CENTRAL	SOUTH AND ISLANDS	NORTH	CENTRAL	SOUTH AND ISLANDS
<b>At work</b>									
No. of events	31	14	15	29	5	17	29	2	20
Injury rate	0.32	1.09	0.72	0.31	0.39	0.82	0.31	0.15	0.93
GRI 4.0 Injury rate	0.000002	0.000005	0.000004	0.000002	0.000002	0.000004	0.000002	0.000001	0.000005
No. of days lost	516	189	243	510	122	419	1,554	873	681
Seriousness index	5.38	14.70	11.70	5.46	9.55	20.28	16.37	65.94	31.60
GRI Seriousness index	0.000021	0.000056	0.000048	0.000020	0.000035	0.000080	0.000058	0.000240	0.000123
<b>Commuting</b>									
No. of events	110	12	28	111	11	13	125	17	33
Injury rate	1.15	0.93	1.35	1.19	0.86	0.63	1.32	1.28	1.53
GRI 4.0 Injury rate	0.000006	0.000005	0.000007	0.000006	0.000004	0.000003	0.000007	0.000006	0.000008
No. of days lost	1,583	394	476	2,896	179	281	3,727	608	922
Seriousness index	16.51	30.64	22.92	30.99	14.01	13.60	39.25	45.92	42.78
GRI 4.0 seriousness index	0.00006	0.00012	0.00009	0.00011	0.00005	0.00005	0.00014	0.00017	0.00017
<b>TOTAL NO. OF EVENTS</b>	<b>141</b>	<b>26</b>	<b>43</b>	<b>140</b>	<b>16</b>	<b>30</b>	<b>154</b>	<b>19</b>	<b>53</b>
<b>Injury rate</b>	<b>1.47</b>	<b>2.02</b>	<b>2.07</b>	<b>1.50</b>	<b>1.25</b>	<b>1.45</b>	<b>1.62</b>	<b>1.44</b>	<b>2.46</b>
<b>GRI 4.0 injury rate</b>	<b>0.000007</b>	<b>0.000010</b>	<b>0.000010</b>	<b>0.000007</b>	<b>0.000006</b>	<b>0.000007</b>	<b>0.000008</b>	<b>0.000007</b>	<b>0.000012</b>
<b>TOTAL NO. OF DAYS LOST</b>	<b>2,099</b>	<b>583</b>	<b>719</b>	<b>3,406</b>	<b>301</b>	<b>700</b>	<b>5,281</b>	<b>1,481</b>	<b>1,603</b>
<b>Seriousness index</b>	<b>21.89</b>	<b>45.34</b>	<b>34.62</b>	<b>36.45</b>	<b>23.55</b>	<b>33.89</b>	<b>55.62</b>	<b>111.87</b>	<b>74.38</b>
<b>GRI 4.0 seriousness index</b>	<b>0.00008</b>	<b>0.00017</b>	<b>0.00014</b>	<b>0.00013</b>	<b>0.00009</b>	<b>0.00013</b>	<b>0.00020</b>	<b>0.00041</b>	<b>0.00029</b>

No fatal accidents occurred in the Group, either travelling to and from or at the work place in 2014. Risk situations are also recognised and managed, as part of the Prevention and Protection Service, that are connected with excess stress due to work organisation. Primary prevention in this area takes place through the use of human resource management policies and by setting behavioural standards based on the principles contained in the Code of Ethics. Psychological assistance is available by going through the Corporate Physician, who co-operates with human resources staff for the management of individual cases of stress. It is not possible to measure the number of days of absence resulting from work-related stress because in order to ensure employees' right to privacy, the medical certificates do not state the type of illness, but only the prognosis. Consequently, in order to acquire information on which to base possible improvement action, a project was launched in 2014 to acquire data on the subjective perception of staff on organisational **well-being** and **work-related stress**. [LA8, Reports and Accounts 2014, p.202]

ILLNESS BY GENDER	2014			2013			2012		
	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN
No. of days lost	110,789	64,098	46,691	111,310	63,357	47,953	125,058	72,944	52,114

<sup>1</sup> Days of work lost every 100 workable days.

<sup>2</sup> Days of work lost every 200,000 hours worked.

ILLNESS BY GEOGRAPHICAL AREA	2014			2013			2012		
	NORTH	CENTRAL	SOUTH AND ISLANDS	NORTH	CENTRAL	SOUTH AND ISLANDS	NORTH	CENTRAL	SOUTH AND ISLANDS
No. of days lost	76,232	11,184	23,373	75,988	11,700	23,622	87,278	12,711	25,069

<sup>1</sup> Days of work lost every 100 days worked.

<sup>2</sup> Days of work lost every 200,000 hours worked.

ABSENCE BY GEOGRAPHICAL AREA (NO. DAYS)	2014			2013			2012		
	Totale	Men	Women	North	Central	South and islands	North	Central	South and islands
Illness	76,232	11,184	23,373	75,988	11,700	23,622	87,278	12,711	25,069
of which: professional	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Accidents	2,099	583	719	3,406	301	700	4,454	636	1,722
of which: at work	516	189	243	510	122	419	727	27	800
commuting	1,583	394	476	2,896	179	281	3,727	609	922
Other absences	36,998	12,214	13,109	37,219	6,425	13,783	29,237	5,231	12,126
of which: military service or similar	0	0	0	0	0	0	0	0	0
public or elective positions	1,549	197	492	2,288	335	283	1,584	512	254
blood donations	1,487	240	135	1,494	211	132	1,567	203	123
assistance for disabled	13,770	2,795	5,402	13,165	2,382	4,922	13,384	2,603	5,102
union permits <sup>1</sup>	18,176	8,548	6,424	7,708	1,657	5,328	8,116	1,461	6,048
security permits	12	0	0	23	0	0	61	0	1
strikes	554	263	327	8,368	1,302	1,929	383	2	0
other <sup>2</sup>	1,450	171	329	4,173	538	1,189	4,142	450	598
<b>TOTAL</b>	<b>115,329</b>	<b>23,981</b>	<b>37,201</b>	<b>116,613</b>	<b>18,426</b>	<b>38,105</b>	<b>120,969</b>	<b>18,578</b>	<b>38,917</b>
<b>Rate of absenteeism</b>	<b>9,055.60</b>	<b>13,999.38</b>	<b>13,551.19</b>	<b>9,359.16</b>	<b>10,814.20</b>	<b>13,835.04</b>	<b>9,555.15</b>	<b>10,524.46</b>	<b>13,542.38</b>
<b>GRI 4.0 rate of absenteeism</b>	<b>0.03</b>	<b>0.05</b>	<b>0.05</b>	<b>0.03</b>	<b>0.04</b>	<b>0.05</b>	<b>0.03</b>	<b>0.04</b>	<b>0.05</b>

<sup>1</sup> Permits recognized by sectoral agreements at national and local union leaders ("coupon" permits) are not included

<sup>2</sup> The figures include permits for thermal treatment and for union meetings.

ABSENCE BY GENDER (NO. DAYS)	2014			2013			2012		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Illness	110,789	64,098	46,691	111,310	63,357	47,953	125,058	72,944	52,114
of which: professional	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.
Accidents	3,401	2,174	1,227	4,407	2,712	1,695	6,812	4,231	2,581
of which: at work	948	520	428	1,051	384	667	1,554	873	681
commuting	2,453	1,654	799	3,356	2,328	1,028	5,258	3,358	1,900
Other absences	62,321	44,787	17,534	57,427	37,068	20,359	46,595	30,264	16,330
of which: military service or similar	0	0	0	0	0	0	0	0	0
public or elective positions	2,238	2,034	204	2,906	2,539	367	2,350	1,960	390
blood donations	1,862	1,565	297	1,837	1,555	282	1,893	1,594	299
assistance for disabled	21,967	11,354	10,613	20,469	10,277	10,192	21,089	10,156	10,933
union permits <sup>1</sup>	33,148	27,944	5,204	14,693	12,321	2,372	15,625	13,215	2,410
security permits	12	12	0	23	22	1	62	61	1
strikes	1,144	713	431	11,599	7,138	4,461	385	217	168
other <sup>2</sup>	1,950	1,165	785	5,900	3,216	2,684	5,191	3,061	2,129
<b>TOTAL</b>	<b>176,511</b>	<b>111,059</b>	<b>65,452</b>	<b>173,144</b>	<b>103,137</b>	<b>70,007</b>	<b>178,465</b>	<b>107,439</b>	<b>71,025</b>
<b>Rate of absenteeism</b>	<b>10,265.92</b>	<b>9,805.31</b>	<b>11,155.07</b>	<b>10,234.38</b>	<b>9,219</b>	<b>12,216</b>	<b>10,458.36</b>	<b>9,572.34</b>	<b>12,160.90</b>
<b>GRI 4.0 rate of absenteeism</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.03</b>	<b>0.04</b>	<b>0.04</b>	<b>0.03</b>	<b>0.04</b>

<sup>1</sup> Permits recognized by sectoral agreements at national and local union leaders ("coupon" permits) are not included

<sup>2</sup> The figures include permits for thermal treatment and for union meetings.

Risk prevention and control activity was focused on the following aspects in 2014:

- the adoption of a **health and safety management system** based on UNI-INAIL (Italian standards authority and Italian national accident insurance institute) guidelines;
- the completion of a **work-related stress assessment** process;
- the prompt **elimination of “technical” risks** with a high magnitude reported or in other words those considered statistically significant from the viewpoint of the accident risk profile actually measured (in this respect technical specifications have been refined with regard to external suppliers, who are required both to document the conformity of their activities in greater detail [↗ LA7], and to update IT procedures for reporting the emergence of new risks and/or malfunctions);
- the constant implementation of effective technical and organisational measures to deter crimes of **robbery and theft** and the provision of specific training to employees exposed to the risk of robbery and **psychological assistance** to those who are involved in criminal events or aggression;
- implementation of a Group training programme in compliance with the provisions of the State-Regions Conference Accord on the subject.

[↗ LA8, Reports and Accounts 2014, p. 201-203]

<b>COSTS INCURRED FOR OCCUPATIONAL HEALTH AND SAFETY</b> (thousands of euro)	<b>2014</b>	<b>2013</b>	<b>2012</b>
Intervention required by Law No. 81/08	1,094	847	905
Prevention and protection at the workplace consulting services	712	881	981
Occupational health and safety training	172	213	173
Corporate Physician services (medical visits to monitor health) and post robbery psychological assistance	142	136	108
<b>TOTAL</b>	<b>2,120</b>	<b>2,077</b>	<b>2,167</b>

### Training and education

Training on health and safety matters plays a role of primary importance for risk prevention. The Group training catalogue contains programmes differentiated by type of risk, for staff at headquarters and those in branches and by type of responsibility (senior management, safety officers and workers) with both classroom and self-training courses.

In order to increase personnel awareness of the importance of behaviour consistent with respect for their own health and those of others – also in implementation of the principles and contents of the Code of Ethics – a section exists on the Group intranet UBILife dedicated to health and safety.

The following can be easily found on it: references to laws and Group regulations; news on safety organisation in the Group (e.g. emergency plans and exit routes to follow in different premises illustrated by actual photographs); material used in classroom training initiatives; and also useful advice and information on correct life-styles to remain in good physical and mental condition.

<b>TRAINING ON HEALTH AND SAFETY<sup>1</sup></b>	<b>2014</b>		
	<b>TS</b>	<b>SESSIONS<sup>2</sup></b>	<b>HOURS</b>
Video terminal workers	335	1	326
Emergency personnel	442	35	3,578
of which:			
<i>fire prevention</i>	221	19	1,103
<i>first aid</i>	221	16	2,475
New recruits	-	-	-
Safety figures <sup>1</sup>	254	11	968
Robbery risk	508	37	3,780
Other (updates)	2,316	89	8,328
<b>TOTAL</b>	<b>3,855</b>	<b>173</b>	<b>16,979</b>

<sup>1</sup>Training for senior managers, safety officers, company trade union representatives, etc.

<sup>2</sup>Data of FAD courses are calculated as 1 session.

In order to transform the regulations mentioned on work-related stress risk assessment into an opportunity to increase our knowledge of staff and achieve an optimal level of organisational well-being, the Occupational Psychology Department of Padua University was commissioned to conduct training activity and education on the subjects of organisational well-being and positive management.

### Prevention

All operational units are subject to periodic compliance inspections on the basis of a multi-year programme. Specific on-site inspections are carried out on the basis of reports received from workers' safety representatives, trade union organisations and personnel from the operational units themselves or on the request of departments in the Group.

Problems connected with the provision of new premises or the refurbishment of existing premises involve prior examination of documents by the Prevention and Protection Function, which, on completion of the works and the entry into service of the premises, programmes on-site compliance inspections. These may generate a series of "recommendations" to the functions normally responsible for the removal of the risk (Safety Officer, Real Estate, IT), which are entered into the IT system to manage the state of progress of the action taken to solve the problems.

PREVENTION AND ASSISTANCE ACTIVITY	2014	2013	2012
Medical visits	1,561	1,218	1,055
On site inspections	415	441	481
Training courses (number of participants)	3,855	5,826	22,048
Evacuation drills with assistance	40	33	41
Environment monitoring	30	19	53
Post-robbery psychological assistance	16	32	28

TECHNICAL INTERVENTION TO REDUCE RISKS	2014	2013	2012
Fire prevention, emergency management, emergency exits	5,165	2,123	1,961
Plant (machinery, maintenance)	1,480	1,466	395
Premises (floors, walls, window ledges, staircases, architectural)	1,354	730	566
Ergonomics (lighting, work stations, micro-climate)	850	434	299
Certificates and documents	60	60	30
<b>TOTAL</b>	<b>8,909</b>	<b>4,813</b>	<b>3,251</b>

Health monitoring performed by Corporate Physicians is designed to guarantee the same level of service and protection for health for all personnel and it involves periodic **medical visits** and visits on request by personnel themselves. The doctors promptly report any problems which may be found during visits in order to identify the best solutions to improve or solve them.

During the year some Group companies received requests for documentation on the level of implementation of regulations on work-related stress assessment from public authorities responsible for overseeing compliance with safety regulations. This occurred both as part of regional monitoring of determined economical sectors from year to year and as a result of more generic requests to produce technical documentation. No cases of the issue of fines or recommendations occurred.

No formal agreements were signed in 2014 with internal trade unions on health and safety topics. However trade union delegations have been fully involved, together with workers' representatives, in the work-related stress assessment project through a number of informational and consultation meetings [↪ LA8].

**LA9**  
**HEALTH AND SAFETY**  
**TOPICS COVERED IN**  
**FORMAL**  
**AGREEMENTS WITH**  
**TRADE UNIONS**

## Training and internal communication

All training activities are managed by **UBI Academy** [☞ 2.3], the Group's corporate university formed as a consortium, whose mission is the study, planning, consultancy and the provision of services for the training and the professional and managerial development of staff to support the achievement of business results. In order to assist in the achievement of these goals, UBI Academy has entered into partnerships with national and local institutional knowledge centres (universities and business schools), consistent with the Group's social responsibility policies.

The measurement of requirements and the formulation of training programmes is performed on a periodic basis using a variety of complementary tools: annual meetings with the Human Resources Departments of Group banks and companies, *focus groups* on specific career families, indications from the Group Commercial Plan and training needs detected from the skills survey, in which all Group employees are involved. Appropriately structured and integrated with other systems for the development of human resources, training proposals are designed to be effective tools for organising, developing and enhancing technical and professional know-how, managerial experiences and skills and the ethical and cultural conduct of Group personnel and for encouraging the development of a unified corporate identity.

The instructors involved in training activity consist of both colleagues from Group banks and companies [☞ Reports and Accounts 2014 p. 74-75] and also outside professionals. The in-house instructor corps is responsible not only for imparting knowledge but also for facilitating the sharing of experiences, positive examples and distinguished conduct in order to diffuse a common language, values and corporate culture and a sense of belonging to the Group. All activities involve compilation of a satisfaction questionnaire and – mainly for technical and occupational courses – a learning questionnaire must be compiled, which assesses acquisition of the training contents and therefore the effectiveness of the course. Technical teaching material on banking, commercial and financial subjects is subject to a compliance opinion by the Compliance Area of the Parent.

Group companies contribute to joint inter-professional funds for FONDIR continuous professional development (a fund for senior management training in the services sector) continuous professional development and to the F.B.A. (a banking and insurance fund for training employees working in the banking and insurance sectors - *Fondo Banche Assicurazioni*). In compliance with the contents and parameters contained in FBA notices, the training programmes submitted were agreed with the trade union organisations of the individual banks and companies involved, while the trade unions signed an agreement at Group level for the FONDIR notices.

Training activity is accompanied and integrated by intense **internal communication**, organised and managed by a specific unit in the Human Resources Area of the Parent. The purpose of internal communications is to provide clear and up-to-date information designed to improve the everyday activities of employees and at the same time to spread and share the Group's values and culture. [Reports and Accounts 2014 p. 76-77]

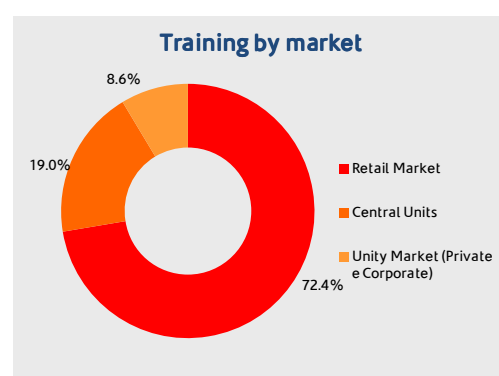
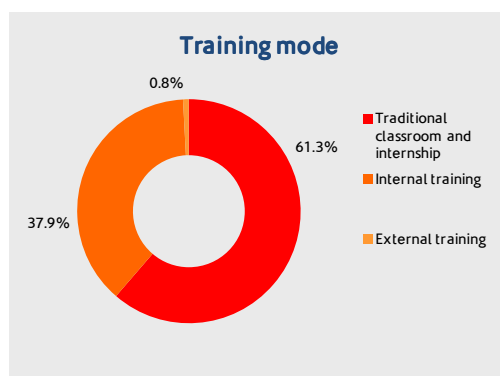
### **LA10** **TRAINING PER YEAR** **PER EMPLOYEE BY** **EMPLOYEE CATEGORY**

Over 81,000 training days were delivered in 2014 in line with the objectives set, with an average of approximately five training days per employee (unchanged compared with 2013).

Training activity conducted in 2014 was designed mainly to improve skills in the distribution network, managerial and behavioural skills and credit quality monitoring expertise. Training initiatives for young talents in the Group also continued through specific masters courses on the banking sector provided by major universities.

TRAINING	2014	2013	2012
<b>Group</b>			
Hours of training	609,233	638,042	745,943
<i>of which compulsory training<sup>1</sup></i>	<i>310,726</i>	<i>289,335</i>	<i>365,370</i>
Cost of training (million euro)	2.2	3.4	4.4
Employees involved	98%	96%	95%
Average hours of training per capita	35	37	41
Average satisfaction in hundreds (objective 69/100)	78	78	78
<b>Network Banks</b>			
Employees involved	99%	97%	96%
Average hours of training per capita	41	43	47

<sup>1</sup> Includes regulatory training on insurance required by IVASS (insurance authority).



TRAINING BY SUBJECT AREA	2014			
	HOURS	PARTICIPANTS <sup>1</sup>		
		SENIOR MANAGERS	MIDDLE MANAGERS	PROFESSIO NAL AREAS
Insurance	204,603	1	3,194	3,714
Regulatory	105,053	228	6,127	7,720
Finance and MiFID	11,508	3	241	542
Behavioural/Managerial	105,066	268	6,332	8,043
Credit	31,022	27	1,375	1,079
Operational/IT/languages	39,128	118	2,267	5,338
Commercial <sup>2</sup>	111,783	164	4,075	3,894
Social responsibility and Code of Ethics	1,070	13	177	229
<b>TOTAL</b>	<b>609,233</b>	<b>331</b>	<b>7,276</b>	<b>9,595</b>

<sup>1</sup> Total participants is not the sum of the participants in each subject area, because a given employee may have attended more than one course in different subject areas.

<sup>2</sup> Commercial training includes "Onboarding for Sales Managers Fliale" programmes, which address also MiFID and PCF issues for a total of about 2,700 hours.

DETAILS OF REGULATORY TRAINING <sup>1</sup>	2014			
	HOURS	PARTICIPANTS <sup>2</sup>		
		SENIOR MANAGERS	MIDDLE MANAGERS	PROFESS. AREAS
Administrative liability of entities (Legislative Decree No. 231/2001)	44,535	133	4,283	5,429
Transparency and usury	14,071	31	2,167	2,829
PattiChiari (banking services charter)	-	-	-	-
Safety (Legislative Decree No. 81/2008)	16,979	62	1,170	1,724
Privacy	5,001	30	1,520	1,980
Anti Money-Laundering	12,855	53	1,695	1,319
Other regulatory subjects	11,612	102	3,376	4,744
<b>TOTAL</b>	<b>105,053</b>	<b>228</b>	<b>6,127</b>	<b>7,720</b>

<sup>1</sup> Does not include regulatory training on the MiFID Directive, which is included in the "Finance and MiFID".

<sup>2</sup> Total participants is not the sum of the participants in each subject area, because a given employee may have attended more than one course in different subject areas.

**LA11  
PROGRAMMES FOR  
SKILL MANAGEMENT  
AND LIFELONG  
LEARNING**

**LA12  
PERCENTAGE OF  
EMPLOYEES  
RECEIVING REGULAR  
PERFORMANCE AND  
CAREER  
DEVELOPMENT  
REVIEWS**

In 2013 UBI Banca launched a **Human Resource Quality Project** and developed it further in 2014 to enhance Group human resources and to strengthen a culture of assessment, professional growth and recognition of merit.

In this context, a revision of the entire new **performance management** process was completed for the professional assessment of employees, designed to orient personal behaviour in line with medium and long-term Group objectives and to simplify human resource assessment, management and development processes. The new professional assessment tool – which unifies performance assessment and skill measurement – is based on the professional roles present in the Group. It functions by using a variety of observational viewpoints (results, technical and specialist knowledge, behaviour and abilities) and it involves inserting components and operational initiatives starting from the definition of development programmes to encourage customised career growth based on improvement areas, career ambitions and the potential of each person.

In 2014 the final results stage of the 2013 performance assessment was completed for 17,581 employees and the goal setting and expected role values stage for 2014 was commenced with the new professional assessment tool. This stage involved approximately 95% of Group employees with the exception of members of “key management personnel”, for whom special managerial performance assessment tools are used.

PERFORMANCE ASSESSMENT <sup>1</sup>	2014				2013				2012			
	EMPLOYEES INVOLVED		PARTICIPANTS		EMPLOYEES INVOLVED		PARTICIPANTS		EMPLOYEES INVOLVED		PARTICIPANTS	
Middle managers	7,512	99.7%	7,257	96.6%	7,131	99.2%	6,850	96.1%	7,368	98.0%	7,239	98.2%
<i>of which women</i>	1,825	99.2%	1,729	94.7%	1,614	98.5%	1,521	94.2%	1,610	97.8%	1,576	97.9%
Professional areas	10,069	99.2%	9,296	92.3%	10,416	98.4%	9,967	95.7%	10,651	96.6%	10,546	99.0%
<i>of which women</i>	4,880	98.8%	4,416	90.5%	4,964	97.8%	4,711	94.9%	5,031	96.0%	4,971	98.8%
<b>TOTAL</b>	<b>17,581</b>	<b>99.4%</b>	<b>16,553</b>	<b>94.2%</b>	<b>17,547</b>	<b>98.8%</b>	<b>16,817</b>	<b>95.8%</b>	<b>18,019</b>	<b>97.1%</b>	<b>17,785</b>	<b>98.7%</b>
<i>of which women</i>	<b>6,705</b>	<b>98.9%</b>	<b>6,145</b>	<b>91.6%</b>	<b>6,578</b>	<b>98.0%</b>	<b>6,232</b>	<b>94.7%</b>	<b>6,641</b>	<b>96.3%</b>	<b>6,547</b>	<b>98.6%</b>

<sup>1</sup> Performance assessment for senior management personnel was part of the relative incentive scheme. The instrument of performance assessment has not been extended to some smaller Companies in the Group.

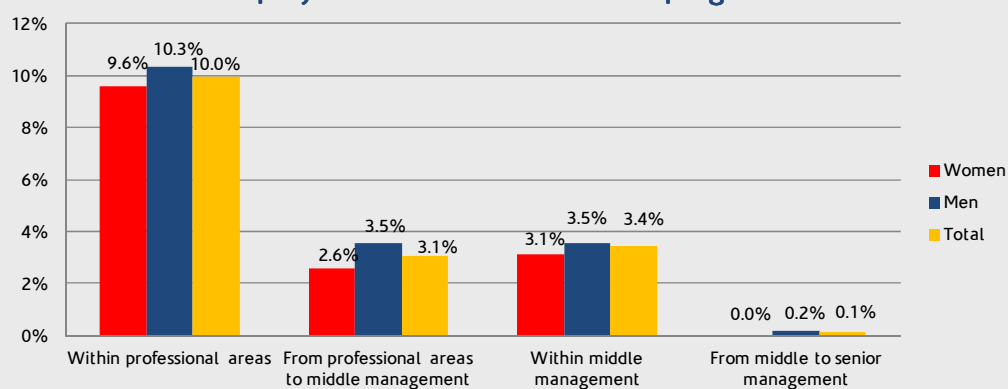
In the context of differentiated management of human resources, activities **for key Group personnel** continued, with an assessment of the managerial competencies of roles and the relative feedback to the staff concerned. Professional growth for **young talents** involved 14 training days on theoretical and behavioural subjects and the introduction of coaching and mentoring initiatives to support the intense programme of job rotation to which they are subject.

An investment was made during the year in a new IT tool to provide operational support to various personnel management activities and at the same time to integrate them and create synergies and a wage bracket model was consolidated together with references to external wages for use in the selection, management and mobility of employees.

Experimentation with **smart working** was planned as part of personnel enhancement and development policies, to be introduced in 2015 as an innovative way of working, which encourages reconciliation between home and working life and which is economically productive and sustainable at the same time [↪ LA1].

CAREER PROGRESSIONS	2014		2013		2012	
	TOTAL	WOMEN	TOTAL	WOMEN	TOTAL	WOMEN
Within professional areas	1,023	46.7%	1,019	45.4%	1,061	45.4%
From professional areas to middle	316	41.1%	257	42.4%	161	41.6%
Within middle management	258	22.1%	203	27.6%	238	20.6%
From middle to senior management	10	0%	0	0%	14	7.1%
<b>TOTAL</b>	<b>1,607</b>	<b>41.4%</b>	<b>1,479</b>	<b>42.5%</b>	<b>1,474</b>	<b>40.6%</b>

## Employees who have made career progressions



## Diversity and equal opportunity

### LA13 COMPOSITION OF GOVERNANCE BODIES AND OF EMPLOYEES PER INDICATORS OF DIVERSITY

4.1 e LA1

A continuous increase in the **female component** of personnel has been recorded over the last three years (37.8% in 2014 compared with 37.4% in 2013 and 36.9% in 2012) and its occupation of **management positions**: in 2014 women accounted for 9.9% of senior management (9.7% in 2013 and 9.2% in 2012) and 24.4% of middle managers (23.4% in 2013 and 22.7% in 2012).

The Group complies with compulsory legislation and regulations with regard to the employment of disabled persons.

COMPONENTS OF GOVERNANCE BODIES BY DIVERSITY INDICATORS	2014			2013			2012		
	SUPERVISOR Y BOARD	MANAGEMENT ENT	TOTAL	SUPERVISORY BOARD	MANAGEMENT BOARD	TOTAL	SUPERVISORY BOARD	MANAGEMENT BOARD	TOTAL
<b>Gender</b>									
men	78.3%	77.8%	78.1%	78.3%	77.8%	78.1%	95.7%	100.0%	97.1%
women	21.7%	22.2%	21.9%	21.7%	22.2%	21.9%	4.3%	0.0%	2.9%
<b>Qualification</b>									
Degree	8.7%	11.1%	9.4%	8.7%	11.1%	9.4%	17.4%	9.1%	14.7%
University degree	91.3%	88.9%	90.6%	91.3%	88.9%	90.6%	82.6%	90.9%	85.3%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Age</b>									
Under 30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30 to 50	26.1%	22.2%	25.0%	26.1%	22.2%	25.0%	13.0%	9.1%	11.8%
50 to 60	30.4%	44.4%	34.4%	30.4%	44.4%	34.4%	8.7%	54.5%	23.5%
Over 60	43.5%	33.3%	40.6%	43.5%	33.3%	40.6%	78.3%	36.4%	64.7%
Average age (year)	58	58		58	58		67	61	

DIVERSITY INDICATORS OF EMPLOYEES (BY GENDER)	2014			2013			2012		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
<b>Minority groups</b>									
Foreign national (EU and non-EU)	0.7%	0.8%	0.7%	0.5%	0.7%	0.6%	0.6%	1.2%	0.8%
<b>Protected categories</b>									
of which:									
disabled	5.4%	4.5%	5.0%	5.2%	4.3%	4.9%	5.1%	4.4%	4.9%
widows and orphans	1.3%	1.9%	1.5%	1.3%	1.9%	1.6%	1.3%	2.0%	1.6%
others	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.2%	0.2%
<b>Qualification</b>									
Degree	59.9%	54.8%	58.0%	60.3%	55.0%	58.3%	56.0%	51.2%	54.3%
University degree	27.8%	34.7%	30.4%	26.8%	33.8%	29.4%	25.9%	32.4%	28.2%
Other	12.3%	10.6%	11.7%	12.9%	11.2%	12.3%	18.1%	16.4%	17.5%
<b>Age</b>									
Under 30	3.2%	4.5%	3.7%	4.0%	5.4%	4.5%	4.2%	6.0%	4.9%
30 to 50	55.2%	66.6%	59.5%	57.1%	67.9%	61.1%	57.1%	67.6%	61.0%
50 to 60	35.7%	27.7%	32.6%	35.0%	26.2%	31.7%	35.0%	25.9%	31.6%
Over 60	5.9%	1.3%	4.2%	4.0%	0.6%	2.7%	3.7%	0.6%	2.5%
Average age (year)	47	44	46	46	44	45	n.d.	n.d.	45
<b>TOTAL</b>	<b>62.2%</b>	<b>37.8%</b>	<b>100.0%</b>	<b>62.6%</b>	<b>37.4%</b>	<b>100.0%</b>	<b>63.1%</b>	<b>36.9%</b>	<b>100.0%</b>



DIVERSITY INDICATORS OF EMPLOYEES (BY CATEGORY)	2014			2013			2012		
	SENIOR MANAGERS	MIDDLE MANAGERS	PROFESS. AREAS	SENIOR MANAGERS	MIDDLE MANAGERS	PROFESS. AREAS	SENIOR MANAGERS	MIDDLE MANAGERS	PROFESS. AREAS
<b>Gender</b>									
men	2.8%	50.5%	46.7%	2.8%	49.4%	47.9%	3.2%	49.1%	47.7%
women	0.5%	26.8%	72.7%	0.5%	25.3%	74.2%	0.6%	24.7%	74.7%
<b>Minority groups</b>									
Foreign national (EU and non-EU)	0.8%	0.3%	1.1%	2.0%	0.2%	0.8%	0.5%	0.4%	1.1%
<b>Protected categories</b>	1.1%	4.3%	8.7%	0.9%	4.0%	8.5%	0.8%	4.2%	8.5%
<i>of which:</i>									
disabled	0.8%	2.9%	6.8%	0.9%	2.7%	6.5%	0.8%	2.8%	6.5%
widows and orphans	0.3%	1.3%	1.8%	0.0%	1.3%	1.8%	0.0%	1.3%	1.8%
others		0.1%	0.2%	0.0%	0.1%	0.2%	0.0%	0.1%	0.2%
<b>Qualification</b>									
Degree	43.3%	63.4%	54.5%	43.8%	63.9%	54.9%	n.d.	n.d.	n.d.
University degree	43.3%	29.7%	30.4%	41.5%	28.5%	29.6%	n.d.	n.d.	n.d.
Other	13.3%	6.9%	15.1%	14.8%	7.5%	15.5%	n.d.	n.d.	n.d.
<b>Age</b>									
Under 30	0	0.1%	6.5%	0.0%	0.1%	7.8%	0.0%	0.1%	8.4%
30 to 50	32.6%	53.5%	64.8%	34.4%	56.7%	65.1%	36.2%	56.4%	65.1%
50 to 60	61.2%	41.0%	25.5%	61.9%	40.0%	24.9%	59.3%	40.0%	24.7%
Over 60	6.2%	5.4%	3.2%	3.7%	3.3%	2.3%	4.5%	3.4%	1.8%
Average age (year)	52	49	44	52	49	43	n.d.	n.d.	n.d.
<b>TOTAL</b>	<b>1.9%</b>	<b>41.5%</b>	<b>56.5%</b>	<b>1.9%</b>	<b>40.4%</b>	<b>57.7%</b>	<b>2.2%</b>	<b>40.1%</b>	<b>57.6%</b>

#### LA14 REMUNERATION OF WOMEN COMPARED WITH MEN

Group remuneration and incentive policies provide for salary treatment based on the principles of fairness – interpreted as the recognition of equal opportunities for each employee, on the basis of their possession of the characteristics required for the role and the responsibilities undertaken – and meritocracy. The average wage for female staff is slightly lower than for men, above all because affected heavily by part-time contracts, 95% of which involve female personnel. The average remuneration of female senior management is more or less the same as that for men.

AVERAGE GROSS SALARIES OF WOMEN TO MEN	2014		2013		2012	
	TOTAL	FIXED	TOTAL	FIXED	TOTAL	FIXED
Senior managers	98.2%	97.0%	98.4%	97.5%	93.0%	94.2%
Middle managers	86.7%	86.3%	87.4%	87.3%	87.3%	87.6%
Professional areas	91.7%	91.6%	91.7%	91.7%	92.0%	92.1%

Data related to 99% of the employees, excluding foreign employees

AVERAGE GROSS SALARY (thousands of euro)	2014				2013				2012			
	FIXED	VARIABLE <sup>1</sup>	TOTAL	VARIABLE TO TOTAL	FIXED	VARIABLE <sup>1</sup>	TOTAL	VARIABLE TO TOTAL	FIXED	VARIABLE <sup>1</sup>	TOTAL	VARIABLE TO TOTAL
<b>Senior managers</b>												
Men	148.9	11.4	160.3	7.7%	142.8	6.8	149.5	4.8%	139.7	7.6	147.3	5.4%
Women	144.5	12.8	157.3	8.9%	140.5	5.3	145.8	3.8%	131.7	5.3	137.0	4.0%
<b>Middle managers</b>												
Men	62.4	2.1	64.5	3.4%	60.5	2.8	63.3	4.6%	60.2	2.5	62.7	4.2%
Women	53.9	2.1	56.0	3.9%	52.9	2.4	55.3	4.5%	52.7	2.0	54.7	3.8%
<b>Professional</b>												
Men	39.6	1.7	41.2	4.3%	38.5	1.4	39.9	3.6%	38.1	1.0	39.1	2.6%
Women	36.2	1.6	37.8	4.4%	35.3	1.3	36.6	3.7%	35.1	0.9	36.0	2.6%

<sup>1</sup> The figures are inclusive of: Incentive Schemes, One-off Bonuses, Company Bonuses and Commercial Contests.

Data related to 99% of the employees, excluding foreign employees

## HR. Human rights

UBI Banca is committed to supporting and promoting, within its sphere of influence, the universal principles of the UN **Global Compact** on human rights consistent with the Group **Code of Ethics** which provide for the following:

- policies and procedures to manage personnel in compliance with Italian law and with the main international standards;
- credit and commercial policies attentive to the needs of the socially vulnerable, with particular attention paid to the issue of financial inclusion and the prevention of over indebtedness and the risks connected with involvement in particular economic sectors and in the arms sector above all;
- ethical standards in contracts with suppliers;
- support for social organisations that work for the promotion and protection of individuals through action in the fields of health, welfare and humanitarian assistance.

[🔗 LA, FS1, FS2, FS7, EC8]

### Investment and procurement practices

**HR1  
INVESTMENT  
AGREEMENTS AND  
CONTRACTS THAT  
INCLUDE CLAUSES ON  
HUMAN RIGHTS, OR  
THAT HAVE  
UNDERGONE HUMAN  
RIGHTS SCREENING**

The UBI Banca Group operates almost exclusively in Italy, where the laws ensure a high standard of respect for and protection of human rights.

Therefore the risks relating to respect for those rights are only considered substantial in relation to a few specific areas of activity and that is commercial and lending processes relating to **operations in the arms sector** [🔗 FS1] and, to a lesser extent considering type of goods and services purchased, procurement processes in relation to the **supply chain**.

As concerns the supply chain [🔗 EC6], 98.9% of the Group's suppliers are located in Italy and in any case all suppliers are required to fully comply with legislation on workers' rights and also with ethical principles consistent with those contained in the Code of Ethics when orders are granted or contracts are signed.

**HR2  
SUPPLIERS AND  
OTHER BUSINESS  
PARTNERS THAT  
HAVE UNDERGONE  
HUMAN RIGHTS  
SCREENING**

**HR3  
EMPLOYEE TRAINING  
IN HUMAN RIGHTS**

In consideration of the activity carried out and its geographical location, no specific training activities are carried out on the subject of human rights, but it is dealt with in training activities and internal communication performed to implement the Code of Ethics [🔗 FS4].

### Non-discrimination

**HR4  
INCIDENTS OF  
DISCRIMINATION AND  
ACTIONS TAKEN**

The Group Code of Ethics expressly provides for respect for the **principle of equality and non-discrimination** and therefore conduct is not admissible which might cause harm to the integrity and dignity of persons, nor is discrimination based on preferences or arbitrary exclusion (i.e. not linked to the importance of the contribution that a relationship with a party may offer or the interest that the party may represent for the achievement of the Group's mission).

Again in 2014, as in previous years, no reports of violation of the Code of Ethics were received for cases of discrimination against personnel or other stakeholders. Because the principle of non-discrimination is considered particularly important in employment relations, UBI Banca has adopted

specific guidelines for disciplinary procedures which:

- set out formal investigation, decision-making and judgement processes which subsidiaries must follow for the more serious cases of contestations and disciplinary provisions for reprimands;
- provide unequivocal recommendations to the body which must decide sanctions in relation to the type of provision and the position of the employee subject to sanction;
- define information which companies must report periodically to the Parent for full visibility of disciplinary procedures taken by the Group.

All the Group companies inform the Parent of the start of **disciplinary procedures** and the Parent monitors all procedures providing advice where requested and also assistance in drafting the contestation, examining the justifications and proposing the sanctions if applicable to be imposed to the companies.

In 2014 a total of 86 disciplinary measures were adopted due mainly to operational irregularities and negligence of various kinds (70), to undue appropriation/diversion of funds administered (10) to irregularities in the disbursement and management of loans (5) and irregularities in the management of investments (1).

DISCIPLINARY MEASURES	2014	2013	2012
Verbal or written reprimand	42	29	46
Suspension from work and pay (from 1 to 10 days)	30	25	31
Dismissal for just cause or on justified grounds	14	11	18
<b>TOTAL</b>	<b>86</b>	<b>65</b>	<b>95</b>

The increase in the overall number of disciplinary measures taken during 2014 is partly due to the enlargement of the scope of reporting to the entire the core perimeter (in 2012 and 2013, the reporting perimeter was limited to UBI Banca, UBI Sistemi e Servizi and the Network Banks).

Companies are also required to inform the Parent of all **litigation** the nature of which could be of importance for the entire Group and the Parent provides advice whenever requested by companies, with support in investigating the case, attendance at meetings with outside advisors to formulate strategies and represent companies at hearings before judges.

CASES PENDING AT THE END OF THE YEAR CONCERNING EMPLOYMENT RELATIONS	2014	2013	2012
Pension and social security	6	2	5
Remuneration	33	34	45
Termination of contract of employment	32	13	27
Duties and job descriptions	19	18	24
Job appointments and performance of work	23	8	27
Cases in progress (initiated against employees)	8	5	7
Anti trade union conduct pursuant to Art. 28	0	0	2
Other	4	3	2
<b>TOTAL</b>	<b>125</b>	<b>83</b>	<b>139</b>

## Freedom of association and collective bargaining

In consideration of the activity carried out and its location, the indicator is not deemed to be important, except for what has already been reported on the management of labour relations [LA4].

**HR5**  
**OPERATIONS IN WHICH THE RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT RISK**

## CHILD LABOUR

### HR6 OPERATIONS WITH A HIGH RISK OF CHILD LABOUR

In consideration of the activity carried out and its location, the indicator is not deemed to be important, except for the caution adopted in relation to the origin of diamonds offered to customers as an investment instrument. All the diamonds come from the company Diamond Love Bond<sup>1</sup> and are certified “**conflict free**” (they do not come from conflict areas or from transactions to finance armed groups and conflicts) and they are guaranteed “**child labour free**” (they are not the result of mining and processing activities which use child labour).

## Forced labour

### HR7 OPERATIONS WITH A HIGH RISK OF FORCED LABOUR

In consideration of the activity carried out and its location, the indicator is not considered important.

## Security practices

### HR8 SECURITY PERSONNEL TRAINED ON HUMAN RIGHTS

In consideration of the activity carried out and its location, the indicator is not considered important.

## Indigenous rights

### HR9 VIOLATIONS OF THE RIGHTS OF INDIGENOUS PEOPLE AND THE ACTIONS TAKEN

In consideration of the activity carried out and its location, the indicator is not considered important.

## Assessment

### HR10 OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS AND/OR IMPACT ASSESSMENT ON HUMAN RIGHTS

In consideration of the activity carried out and its location, the indicator is only considered significant in relation to Group business in the arms sector [[FS1](#), [HR1](#), [HR2](#)].

## Remediation

### HR11 GRIEVANCES RELATING TO HUMAN RIGHTS RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

No contestations relating to alleged violations of human rights were recorded in 2014.

<sup>1</sup> Diamond Love Bond is a diamond company located in Antwerp authorised by the Belgian Ministry of the Economy, Commerce and Energy, with an international organisational network and it is present on all world diamond exchanges. The company adopts rigorous ethical principles. It follows and supports the UN Global Compact principles and adheres to the rules of conduct for Diamond companies – best practices recommended by the World Diamond Council System of Warranties and by the Diamond Trading Company – and it adheres to and complies with the Kimberley Protocol designed to break the link between illegal diamond transactions and armed conflicts.

## SO. Society

### LOCAL COMMUNITIES

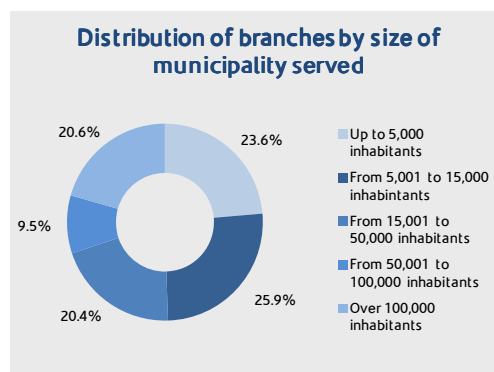
#### SO1 OPERATIONS WHICH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENT AND DEVELOPMENT PROGRAMMES

In consideration of the activity carried out and its location, the indicator is only considered important for project finance activities which, however, are implemented in the highly developed context of Italian and European regulations and which mainly involve investments in infrastructures for the generation of energy from renewable sources [☞ FS8].

#### FS13 BRANCHES IN LOW POPULATED OR ECONOMICALLY DISADVANTAGED AREAS

Presence in communities is an important value for the Group and it takes the form in a physical sense of the distribution of branches in over 1,134 towns and cities in 84 provinces, with a significant presence in small towns and villages in the sense of towns with less than 5,000 inhabitants (230 branches and 164 mini-branches, accounting for 23.6% of the total)

The Group is the only bank present in 176 towns and it has 311 branches (18.6% of the Group total compared with 16.6% for the banking sector nationally) in regions that receive the European Union subsidies ("Objective underdeveloped regions" programme).



#### FS14 INITIATIVES TO IMPROVE ACCESS TO FINANCIAL SERVICES FOR DISADVANTAGED PEOPLE.

UBI Banca believes that the ability to access financial services is an important condition for social integration, which it is therefore committed to pursuing through:

- a range of products and services for socially vulnerable consumers and businesses (young people, immigrants, workers receiving state lay-off benefits, "atypical" workers and small businesses), partly by means of co-operation with other institutions and social organisations [☞ FS7];
- support for the growth of social enterprises and other nonprofit organisations, which represent an important factor for social cohesion as well as an increasingly important economic sector above all in the field of care services [☞ FS7, EC8].
- the removal of physical barriers to ensure the use of services and access to offices and branches to all customers .

For persons with physical disabilities, Group premises and branches are equipped with ramps, stair lifts, elevators and conveniences specially designed to satisfy actual needs. In 2014, seven new ramps, two stair lifts/elevators and 13 conveniences for the disabled were installed.

[☞ Code of Ethics p. 23]

With regard to **sensory disabilities** and that of sight in particular, the IT platforms for the internet banking services Qui UBI and Qui UBI Affari comply with the main navigation requirements for partially sighted persons (e.g. through pages with strong colour contrast, alternative texts to accompany images and functions to enlarge character sizes). Thanks to the adoption of the new Qui Multibanca Plus software, at the end of 2014 1,109 ATMs were in service (almost 50% of the total ATMs installed) for use by partially and non-sighted persons.

In consideration of the activity carried out and its location, the indicator is only considered important for project finance activities [☞ FS2, FS8], which, however, are implemented in the highly developed context of Italian and European regulations and which mainly involve investments in infrastructures for the generation of energy from renewable sources.

## Corruption

Together with the subject of corruption, this section is useful for addressing the subject of the **fight against money-laundering and finance for terrorism** for which UBI Banca guarantees full cooperation with the competent authorities. Oversight of these issues, inclusive of the compliance function, is performed centrally in the Group by a special organisational unit, the Anti-Money Laundering and Claims Area, which reports to the Chief Risk Officer. This centralisation, which was already in operation for the network banks, was extended in 2014 to include UBI Leasing, UBI Factor and Prestitalia.

The operational model is based on the following:

- an effective IT system to manage customer risk profiles and to monitor transactions (according to the amount limits set by the relative legislation);
- clear, exhaustive and easy-to-use internal regulations, systematically aligned with legislative regulations and the procedural innovations adopted;
- procedural regulations which govern the acquisition and storage of documents to identify customers and record their financial profiles and to perform accounting and all other operations required – in full compliance with civil law regulations and anti money-laundering legislation – and also accurate oversight and monitoring of data acquisition and storage.

In order to ensure the effectiveness of the controls adopted, information (lists) is acquired from reliable and independent sources on terrorists and persons politically exposed and daily controls are carried out on the proper update of archives following updates of the lists in question. Special IT procedures have been developed or acquired from major software houses to support adequate verification of customers and complete and accurate recording of transactions and accounts in the “Single IT Archive” with reporting of suspect transactions .

**All transactions are subject to monitoring** according to the amount limits set by the relative legislation by dedicated software applications in order to identify activities potentially connected with money-laundering or other illegal activities and the movements are subsequently subject to assessment by line and control functions.

Investments continued in 2014 to develop support software for the creation of a new monitoring console for the enhancement of the Anti Money-Laundering Portal and for the development of dedicated indicators. Training activity also continued – as part of the 2013-2015 three-year programme – to further increase awareness among staff and develop a culture on the subject and to train them on the new regulations. A budget was allocated for 2015 for the ongoing improvement of anti money-laundering and anti-fraud systems and controls.

[☞ 2.5, LA10, FS7]

By signing the Global Compact, the Group has committed itself to fighting all types of corruption within the sphere of its responsibilities. This crime is also contemplated in Italy as a “predicate offence” falling within the sphere of Legislative Decree No. 231/2001 on the administrative liability of businesses in implementation of which UBI Banca has adopted a model of organisation, management and control (Model 231/2001), which provides for rules and procedures designed to prevent the crimes covered by the decree from being committed, the creation of a Supervisory Body and reporting and penalty systems. The Internal Control Committee of the bank was identified to play the role of the Supervisory Body, formed in accordance with 49 of the Articles of Association as an internal committee of the Supervisory Board, in order to ensure the proper functioning and constant update of the model.

In 2014 initiatives were commenced to verify proper implementation, within the overall internal regulations of the bank, of the oversight protocols to prevent crimes covered by Model 231/2001 from being committed. The protocols were updated with regard, amongst other things, to preventing corruption, in relation to amendments to the law and new crimes introduced by Law No. 190/2012 (the “Anti-Corruption Law”). The new crime pursuant to ‘Art. 319 – quater of the Italian Criminal Code (improper incitement to give or promise profit) and the new crime of corruption between individuals (Art. 2635 of the Italian Civil Code) are of particular importance among these.

In implementation of compliance processes for compliance with the new provisions of Law No. 186 of 15/12/2014 on the subject of “self laundering”, which has similarities in common with the crime of corruption, in 2015 the protocols and the overall 231/01 Model will be reviewed and examined for adequacy with respect to control of the new crime.

All activities and organisational units are subject to verification connected with implementation of the 231/01 Model adopted by the Bank, while the Supervisory Body reports to the governing bodies on its adoption and effective implementation, the supervision of its functioning and oversight of its update.

UBI Banca, as the Parent of the Group, informs subsidiaries of the policies it has set in relation to the prevention of crimes pursuant to Legislative Decree No. 231/2001 and recommends general criteria which subsidiaries may follow. Each subsidiary adopts and periodically updates its own Organisational, Management and Control Model consistent with that of UBI Banca with support from the Parent’s compliance function for those companies that have granted a specific mandate for this.

The Internal Audit Function carries out auditing activity on UBI Banca, on subsidiaries who have delegated internal audit function activities to the Parent and more generally, as part of the management and control duties of the Parent, on all Group companies. In compliance with international professional standards, the Internal Audit function also carries out on-site inspections of the operation and the appropriateness of the internal control and risk management system by means of an annual plan of activities submitted to the management and supervisory bodies of the above-mentioned subsidiaries and cumulatively to the management and supervisory bodies of the Parent.

In compliance with the policies set and with the relative regulations, the Internal Audit Function also audits the completeness, adequacy, functioning and reliability of the other components of the control systems, the risk management process and other processes, with regard also to the ability to identify errors and irregularities. More specifically, in consideration of the need to support the Supervisory Board in the performance of its duties under legislation and regulations, and also to assist the Management Board, the Internal Audit Function, in relation to their importance, identified organisational units and processes affected by the impact of regulations concerning risk management (business, operational and compliance risk) and it also gave advisory support to project activities that impacted the internal control system and it verified through specific analyses of the system, the reliability of IT systems employed in the accounting records systems. In this respect the function carried out inspections of the organisational units of the Parent and its subsidiaries in relation to compliance by the relative staff, with external and corporate regulations including the Code of Ethics, to which the 231/2001 Model makes reference, and the related Code of Conduct for group personnel.

**SO3  
EMPLOYEES TRAINED  
ON ANTI-  
CORRUPTION  
POLICIES AND  
PROCEDURES.**

☞ LA10

All employees are trained in anti-corruption policies and procedures as part of their training to implement the project to revise the anti money-laundering model.

In 2014 12,855 hours of specific training was carried out both in the classroom and through the e-learning platform, for 3,067 employees. Anti-corruption policies and procedures were then also addressed as part of training on the principles derived from Legislative Decree No. 231/2001, which involved 9,845 employees for a total of approximately 44,500 hours. The training procedures differed according to the level of responsibility.

**SO4  
ACTIONS TAKEN IN  
RESPONSE TO  
INCIDENTS OF  
CORRUPTION**

No cases of corruption regarding Group personnel occurred either in 2014 or in prior years. Extending the breadth of the reporting, no cases of corruption were even recorded in 2014 for suppliers with whom contracts have been signed.

### Public policies

**SO5  
PUBLIC POLICY  
DEVELOPMENT AND  
LOBBYING ACTIVITY**

The Group contributes to the development of public policies and to the development of regulations specific to the banking sector through its active and constructive participation in the initiatives of trade associations (e.g. Italian Banking Association, National Association of "Popular Banks", Italian Private Banking Association, *Associazione fra le Società italiane per Azioni* – association of joint stock companies) and other associations active in specific areas (e.g. Italian Anti Money-Laundering Association). These express the position of the sector on issues of interest, both on the request of the authorities (e.g. the Bank of Italy) and political decision-makers (e.g. Parliamentary Commissions) and by taking own initiatives.

UBI Banca is a member of the Italian Advisory Board of the G8 "Social Investment Task Force" on social investment. Its purpose is to promote the development of a finance model able to generate profit and social and environmental value together. In 2014 the Italian Advisory Board published the report "The Finance which includes: social impact investments for a new economy". No lobbying activities are conducted outside these areas.

**SO6  
CONTRIBUTIONS TO  
POLITICAL PARTIES,  
POLITICIANS AND  
RELATED  
INSTITUTIONS**

In compliance with the Code of Ethics, no payments – neither direct nor indirect and in any form – are made within the Group to political parties, movements, committees and other political organisations, their representatives and candidates, congresses or festivals having political propaganda purposes.

[☞ Code of Ethics p. 27].

### Anti-competitive behaviour

**SO7  
LEGAL ACTIONS FOR  
ANTI-COMPETITIVE  
BEHAVIOUR,  
ANTITRUST AND  
MONOPOLY  
PRACTICES**

No legal proceedings or penalties concerning Group entities exist neither for 2014 nor for prior years.

### Compliance

**SO8  
Significant  
sanctions for non-  
compliance with  
laws and  
regulations**

No penalties were imposed in 2014 concerning transparency and integrity in customer relationships. [☞ Reports and Accounts 2014 p. 188-189]



## PR. Product responsibility

Product responsibility in the financial services sector mainly regards observance of customer interests in commercial and marketing practices, the development of products and services capable of generating high social benefits for local communities and support for economic activities which create value for the community.

Respect for the interests of customers is assessed from the viewpoint of the following: security (in terms of both business continuity and physical security in branches); labelling of products and services (in the sense of providing customers with transparent information); marketing communications (above all in terms of the proposals being appropriate to customer needs and profiles and the appropriateness of the commercial contact), respect for privacy (from the viewpoint both of protecting IT systems from data loss or unauthorised access to data and respect for customer consent for processing personal data for commercial and marketing purposes) and, more generally, compliance with legislation and regulations – including voluntary codes of conduct – which govern the sale and use of products and services.

In Italy, all these aspects are governed by specific laws and sector regulations, which the Group applies through its own internal regulations. They are communicated to all personnel by means of a dedicated intranet and are the subject of specific refresher courses. Implementation of these regulations occurs through the following organisational and technical controls:

- as regards **organizational guards**, the Chief Business Officer is responsible for operating activities and first level controls and the Chief Risk Officer, the Compliance Function and the Chief Audit Officer are responsible for second level controls;
- the **technical controls** consist of dedicated support platforms for commercial activities (e.g. identification of customers to which determined products and services should be offered on the basis of an analysis of their particular life cycle and behavioural profile and therefore of their possible financial needs to be satisfied) and protection tools on IT systems.

### FS15 POLICIES FOR THE FAIR DESIGN AND SALE OF FINANCIAL PRODUCTS AND SERVICES

The Group has a specific process in place for the development of new products and services and for the modification of those already marketed. This process is designed to help achieve objectives of compliance, technological innovation and competitiveness.

In terms of **quality**, the process is designed to ensure that products and services are consistent with the relative customer characteristics and needs and with reducing the time taken to respond to market demands (*time-to-market*) and it requires the involvement of different organisational units some of which at the Parent must always be involved: Communication and Marketing, Legal Affairs and Litigation, Risk Management, Administration and Tax, Compliance. More specifically, it is the duty of the Compliance Function to ensure that products and services placed on the market **comply with regulations** at all times, by preventing any misalignments with external and internal regulations, the most important of which is the Group's Code of Ethics.

The characteristics (e.g. age, occupation, investment plans) and needs of customers (e.g. financial, protection) are surveyed both through special consultation and interview procedures (e.g. *focus groups* with customers and potential customers and with commercial distribution network staff) or systematic procedures (e.g. the *customer satisfaction* survey project or complaints management [PR5]) and through the analysis of competitor's products and services. Active participation in observatories and working groups (e.g. through the Italian Banking Association) or research centre initiatives are also the source of valuable information, for example in relation to the possibilities offered by new technologies.

The UBI Banca Group is constantly committed to innovating its product range, leveraging on rapidly evolving digital technology, to offer products and services that give a better customer experience in terms of ease-of-use and transparency. Those same guidelines also apply to communication, which follows evolving digital technology to provide customer contact channels that are clearer, faster and more interactive.

In order to ensure more focused and effective support for innovation, in 2014 the UBI Banca Group launched an important project entitled “**Digital Innovation**” which is also continuing in 2015.

[🔗 Reports and Accounts 2014 p. 54-55]

**Competitiveness** is based on a pricing policy oriented towards transparency and fairness to customers and it involves analysis and constant monitoring of the relationships between the risk taken (if present), the return, the costs incurred and the market context. This is all done with account taken of the objective of providing financial support to local communities and businesses.

Teaching proficient economic and financial expertise helps to create citizens who are knowledgeable in their choice of banking financial products and services and also the growth of democracy, legality and the competitiveness of local businesses and of the Bank itself. UBI Banca understands that it can play a very important role in this and therefore it maintains and develops constant co-operation with knowledge centres (schools, universities, business schools, training institutes), which also allows it to cultivate and attract new talents.

### Activities in schools

Again in the academic year 2013-2014 Group banks continued with their commitment to teaching on economics and financial subjects in schools in co-operation with the Financial education Foundation (the new organisation created by the Italian Banking Association to promote financial education and savings, previously carried out by the PattiChiari Consortium).

The Group’s contribution – which represents a significant share of the total activity carried out by banks adhering to the initiative – is focused on three educational programmes that are now well established and which, which have been updated and enhanced, partly as a result of the support from academics and communication experts as follows:



for primary school children, to stimulate initial thinking about the value of money and the need to manage it responsibly, for themselves and for the community, with a view to knowledgeable citizenship;



to introduce secondary school pupils to economic and financial subjects and to stimulate them to reflect on the principal functions of finance, by illustrating their impact on people’s everyday lives;



to teach economics and financial subjects, by introducing upper secondary school children to the social, professional and economic reality that surrounds them. At the end of the course, taught in the classroom, the project involves a “Develop your business idea” competition, with the preparation of a business plan for the start-up of a socially useful enterprise in the local community.

Group banks made their own contribution to additional financial education projects for pupils: “**Economic Citizenship**” (over 2,500 pupils involved in the country as a whole) and “**Develop your business idea**”, the last stage of an educational programme for senior high school pupils which involves the preparation of a business plan for a business idea. In 2014 the first and the second prizes of the “Develop your business idea” competition were awarded to schools supported by Banca Popolare di Bergamo and Banca Carime.

Banca Regionale Europea organised the second edition of a **literary competition** for pupils in the first year of secondary schools in Liguria who, after participating in a junior financial education programme and after receiving further ideas on knowledgeable use of money, were invited to write

stories on the subject. The best stories were read out during an event organised in Genoa and the best three won the recognition of being published in full in an important daily national newspaper.

Important activities were also carried out by Banca di Valle Camonica with the organisation of **educational events** on the subjects of financial markets and how they function, usury, payment cards and innovative payment systems (around 300 pupils were involved).

The Parent, UBI Banca, also helped to spread a culture of economics by co-operating with schools on work-school alternation projects. During the academic year and during the summer, students in the third and fourth grades of high schools received classroom education and on-the-job training.

COMMITMENT IN FINANCIAL EDUCATION INITIATIVES	SCHOOLS	CLASSES	PARTECIPANTS	BANK TEACHERS	TEACHING HOURS
Educational programs PattiChiari for schools	121	310	7,575	88	526
Other initiatives and events			3,162	21	137
<b>TOTALE</b>	<b>121</b>	<b>310</b>	<b>10,737</b>	<b>109</b>	<b>663</b>

### Relations with universities and research centres

The Group has consolidated its arrangements with universities (the Bocconi, the Catholic and the Bicocca universities of Milan, the universities of Bergamo, Brescia, Pavia, Turin, Genoa, Bari and Camerino, the Insubria University of Varese, the Carlo Cattaneo University of Castellanza, the University Polytechnic of the Marches, the Universities of Basilicata, Campania, Apulia and Calabria) and it has reached new agreements with the highest ranking universities in the faculties of economics and engineering (the AC' Foscari University of Venice, the universities of Padua and Verona, the Federico II University of Naples) and as part of these agreements it has taken part in numerous career days as well as **occupational counselling** and **recruiting** days. Active arrangements exist with the MIP-Milan Polytechnic, with the Bergamo University School of Management, with the Turin University Management Department and with the Einaudi Studies Centre.

Co-operation with the Marches Polytechnic University was continued on the **"World Campus"** project to facilitate the international training of students through internships at the Group's units abroad, while Bergamo University developed the project **UBI Global transaction** with which job experience periods were increased by the creation of training courses for students on three-year courses. The range of extracurricular internships offered for students on specialist degree courses was also increased.

For its own young people with potential for growth, the Group has introduced (through UBI Academy) first and second level **University Masters** courses lasting 18 months focused on subjects related to the operations of banks and during the year it organised an employer branding programme to maintain and improve its positioning as a "top ideal employer" for young university graduates.

### Organisation of events

Each year the Parent and the network banks organise training and educational events on topical economic subjects, which represent important opportunities in terms of visibility and involvement, as well as providing a service to customers and to society in general.

The most important event in this sense is the annual series of meetings for the presentation of the **"Report on the Global Economy and Italy"** published by the Einaudi Centre. The presentation of the XIX edition entitled "A desperate need to grow" attracted over 2,500 participants in 17 towns and cities.

As part of support for the internationalisation of Italian small to medium-sized enterprises, the Group not only participated in conventions and conferences through its representatives who spoke at them, but it also organised and/or sponsored various events as follows:

- the **"UBIWORLD Open Day"** held in Bergamo at Km Rosso and Turin, for all firms who show an interest in foreign markets. The businesses that took part had the opportunity to

learn of the UBI GO TO WORLD project and to meet Group specialists assisted by outside professionals from all over the world and the managers of UBI Banca' representative offices abroad;

- the **Cathay Pacific Business Award**, an important and prestigious acknowledgement for Italian companies that have excelled in business activities in South East Asia, demonstrating know-how, dynamism, innovation and creativity. UBI Banca took part as the exclusive banking sponsor in partnership with Cathay Pacific Airways;
- the convention "**Destination Italy, Fostering Outbound Investments into Italy**", designed to present M&A opportunities to attract investment into Italy, with the involvement of Chinese and Asian firms and funds and with local and Chinese speakers of the highest standing. Subsequently the Italian ambassador in China requested support from UBI Banca to organise a similar event in Peking;
- the conference, **EXPORTour - United Arab Emirates "The development basis for our business"**, organised by Promos in co-operation with Banca Popolare di Bergamo for those interested in the commercial potential of this country and in business and co-operation opportunities offered by Lombard companies;
- **Global Transaction**, a three-day event organised for foreign correspondents from banks in selected countries (Algeria, Bangladesh, India, Sri Lanka and Russia), designed with the objective of increasing integration in terms of corporate customer service and increasing volumes of incoming business for the Group.

## Customer health and safety

**Safety and security** is overseen at the conception, distribution and marketing stages of products and services supplied on the market. A number of online control services, both technological and procedural [ 2.5], have been in operation for some time, which were further improved in 2014. Furthermore, in order to prevent the most common and frequent types of IT fraud, customers are constantly kept up to date with information on the most appropriate procedures and security measures for the use of Internet and mobile banking services.

The **security of IT systems** involves the adoption of the most advanced standards for data transfer and access to information, constant monitoring both with proprietary tools and in co-operation with the police and prompt reporting in cases of suspected attempts at computer fraud. **Operational continuity** is guaranteed by a special plan, which involves both a series of technical and organisational measures designed to ensure that the most critical processes will be operational even in emergency situations and also a series of periodic disaster recovery controls and tests.

With regard to **physical safety and security**, activities continued to upgrade systems in branches and in particular for emergency exits and medical emergency alarm systems equipment in accordance with Legislative Decree No. 81/08. A new more technologically advanced medical emergency alarm system has been designed, equipped with software which monitors functionality constantly, which will be installed gradually from the first half of 2015.

With regard to the risk of robbery in particular, security and control processes were improved, according to standards set by specific Group policy, by testing and upgrading security performance where necessary, by installing new technologically advanced systems (e.g. "Virtual Guard" remote video surveillance systems) and by monitoring the work of personnel responsible for inspecting alarms.

THEFTS AND ROBBERIES (included ATM)	2014			2013			2012		
	Thefts	Robberies	Total	Thefts	Robberies	Total	Thefts	Robberies	Total
Events	40	22	62	27	42	69	15	39	54
Frequency Index <sup>1</sup>	1.9	1.3	3.2	1.2	2.4	3.6	0.7	2.1	2.8
Employees involved	0	193	193	0	171	171	0	218	218

<sup>1</sup> Number of events every 100 branches.

In line with natural trends, in 2014 there was an appreciable decrease in branch robberies and a large new outbreak of thefts, which in almost all cases involved ATMs. In order to tackle these numerous attacks on ATMs it is planned to assess and adopt new organisational and logical solutions in 2015 with the involvement of specific corporate functions (security, real estate and IT).

**PR2**  
**INCIDENTS OF NON**  
**COMPLIANCE WITH**  
**REGULATIONS AND**  
**VOLUNTARY CODES**  
**CONCERNING HEALTH**  
**AND SAFETY OF**  
**PRODUCTS AND**  
**SERVICES**

No cases of non-compliance with regulations and voluntary codes concerning the safety of products and services were recorded.

### Product and service labelling

**PR3**  
**PRODUCT AND**  
**SERVICE**  
**INFORMATION**  
**REQUIRED BY**  
**COMPANY**  
**PROCEDURES**

In compliance with corporate ethics [[☞ Code of Ethics p. 22](#)] and in observance of the relative legislation and regulations, UBI Banca is committed to ensuring the maximum transparency with regard to the products and services supplied by means of:

- accurate, clear and non-misleading pre-contractual information and full, clear and understandable contract clauses which facilitate full knowledge of the choices and agreements signed;
- clear and prompt communications on the state of existing business relations, on changes in the conditions that govern those relations and on any other changes to existing contracts;
- accurate identification and management of possible conflicts of interest, with adequate information provided on the matter;
- abstention from any improper commercial practices and from any form of advertising that is deceptive or which in any case does not fully reflect the quality of the products and services advertised;
- clear and full information on the complaints procedures and on access to independent bodies to resolve disputes (e.g. ombudsman and financial banking arbitrator).
- internal regulations for staff responsible for commercial support and customer relationships staff.

**Direct communication** is a determining factor in the establishment of clear and transparent relationships with customers. News about the services provided is given to customers by using websites, telephone campaigns (outbound campaigns), specialist newsletters, SMSs, ATMs and internet banking (further developments are planned for this last area). Information is provided in observance of the privacy consent given by customers, who may at any time request either via email or directly to staff for commercial communications to cease.

Actual correspondence of activities to the commitments assumed is monitored and assessed through *customer satisfaction* surveys [[☞ PR5](#)].

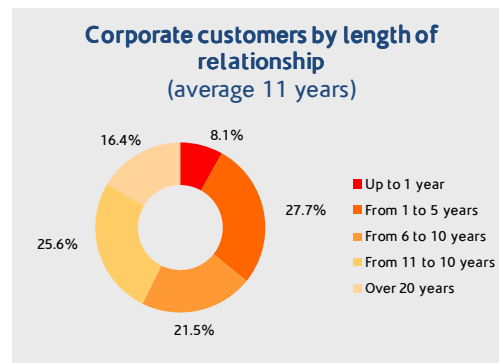
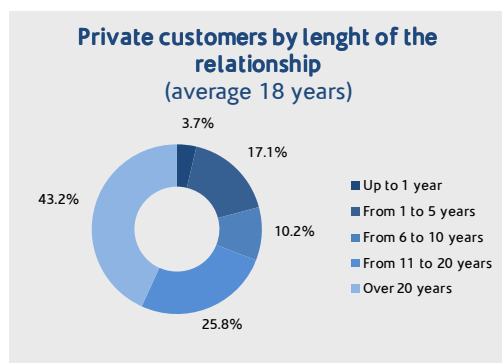
**PR4**  
**INCIDENTS OF NON-**  
**COMPLIANCE WITH**  
**REGULATIONS AND**  
**VOLUNTARY CODES**  
**CONCERNING**  
**PRODUCT AND**  
**SERVICE**  
**INFORMATION**

Some proceedings were closed in 2014 by some Group banks and companies which had concerned non-compliance with regard to transparency and integrity in customer relationships. No penalties were imposed for some non-compliance cases, but recommendations were issued and requests were made for corrective action to be taken which is currently in progress.

[[☞ Reports and Accounts 2014 p. 188-190, SO8](#)]

The centrality of customers is a key value for the Bank and customer satisfaction is a primary objective for the construction of long-lasting relationships of trust.

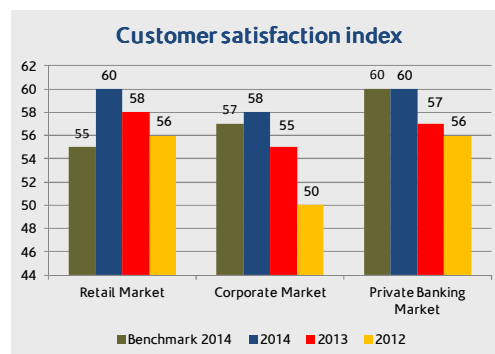
Customers satisfaction is monitored through fidelity indicators such as the duration of customer relationships, annual *customer satisfaction* and *customer experience* surveys (the “**Consultation Project**”) and the analysis of complaints and disputes.



### The Consultation project

The Consultation Project is a systematic programme to measure customer satisfaction, conducted by means of telephone interviews of a sample of customers representative of all market segments. In 2014 over 110 thousand individual and business customers were interviewed together with 12 thousand customers of other banks to construct a benchmark comparison.

The level of satisfaction is measured through the **UBIIndex**, a summary index which measures the quality perceived by UBI Banca customers (calculated monthly by bank, market, segment, local management area and branch) and that is one of the determining criteria for the Group staff incentive scheme..



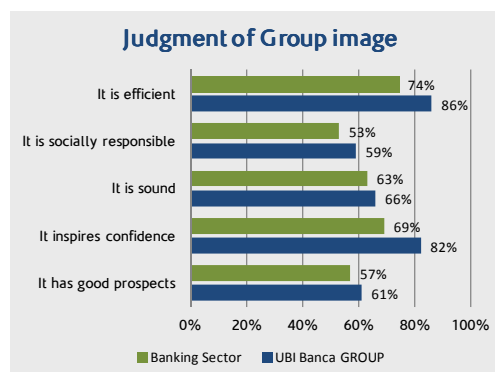
The level of customer satisfaction increased again in 2014 in all markets. Over 60% of customers interviewed felt that the Group was able to establish a good relationship with customers, while one point requiring attention is the adequacy of the range of products and services, for which one third of the interviewees expressed a positive judgement.

[ Reports and Accounts 2014 p. 60-62]

The survey of the **Group’s image** highlighted numerous strengths with levels of customer satisfaction higher than for the sector nationally.

[ Reports and Accounts 2014 p. 62]

Interviewees showed particular appreciation on the question of **social responsibility** for the clarity and completeness of the information on the management of personal data and customer rights on privacy. A demand was found for greater attention to the clarity of communications on changes to terms and conditions of contracts and procedures for making claims and for disputes.



Satisfaction on the part of individuals with action taken by UBI Banca for the community (e.g. support to families in difficulty, access to financial services for poorer groups in society, the

promotion of financial education, responsibility in the grant of loans) and in relation to the supply of socially responsible investment products appeared to be high [↗ FS7, FS11, FS14 e FS16].

Satisfaction of individual and small business customers with UBI Banca's financing and investing activities was also high. It was lower on other aspects such as support for the creation of new businesses (e.g. financing for the start of a new business, support for the development of business abilities). Finally, approximately two thirds of customers considered it important that the Group reports on social responsibility and those that consulted the reports expressed positive judgements on them.

A survey of **UBI Community social bonds** [↗ FS7] found a genuine market interest in the supply of socially responsible investment instruments:

- 74% of subscribers had never made an investment with social aims before;
- the chance to support a high social value initiative was a determining factor in the decision to purchase by 80% of subscribers;
- 95% of investors would subscribe a social bond again.

A survey on awareness of the **UBI Banca brand** was repeated again in 2014, which found that it was known by almost 70% of interviewees (up 10 percentage points compared with the 2013 survey) and that 58% of interviewees have a positive propensity to choose UBI Banca for opening a new account.

In addition to the structured "Consultation Project" surveys, particular attention is given to the **complaints** management process in order to improve customer relationships. Better handling of this is provided by a new direct and preferential channel between the distribution network and the central units responsible for solving problems reported by customers. Staffing at branches or belonging to private-corporate banking units are therefore put in a position to contact customers again and solve problems very rapidly.

## Complaints

The analysis and management of complaints are activities that play a key role in the Group's *customer care* system and represent an essential process in that system for the progressive improvement of customer satisfaction.

The complaints **management system** involves the following:

- parent units are responsible for policy-setting and co-ordination functions in order to guarantee greater standardisation of procedures, partly through setting official guidelines on important issues, but while respecting the independence of the network banks and product companies;
- a proactive role is played by the managers of operating units who are given the task of directly investigating the underlying reasons for the complaints;
- information on the whole process of the management of a complaint is tracked and made available (case tracking) using centralised software.

A variety of channels are available to customers for making complaints. In addition to local branches and other traditional channels (post and fax) there are also email and the websites of the network banks and the Parent and the telephone customer service. All the available channels are advertised on information pamphlets pinned up in branches and dedicated sections of the Group's websites.

[↗ Reports and Accounts 2014 p. 63-65]

COMPLAINTS	2014	2013	2012
Total complaints received	4,830	4,074	4,551
<i>of which:</i>			
<i>ordinary on products and services</i>	4,096	3,363	3,951
<i>for compounding of interest</i>	610	517	330
<i>for securities in default</i>	11	43	80
<i>on privacy</i>	113	151	190
<i>on human rights</i>			
Complaints received through remote channels	1,603	2,314	2,165
Complaints processed <sup>1</sup>	4,811	4,072	4,629
<i>of which accepted</i>	1,656	1,442	1,599
Average days for response <sup>2</sup>	20	24	23
Appeals to the Ombudsman	4	8	6
Appeals to the Ombudsman completed	4	8	5
<i>of which in favour of the customer</i>	-	4	2
Appeals to the Financial Banking Arbitrator	122	129	101
Appeals to the Financial Banking Arbitrator completed	115	109	92
<i>of which in favour of the customer</i>	48	46	32
Appeals to the Consob Chamber of Reconciliation and Arbitration		1	-
Appeals to the Consob Chamber of Reconciliation and Arbitration		1	-
<i>of which in favour of the customer</i>		-	-
Mediation cases pursuant to Legislative Decree No. 28/2010	1,464	297	642
Mediation cases completed	1,443	250	660
<i>of which with a settlement agreement</i>	52	17	71

<sup>1</sup> Total complaints concluded in the year, independently of the year of presentation.

<sup>2</sup> Overall average, inclusive of both ordinary complaints and investment service complaints.

## Marketing and communication

### PR6 COMPLIANCE WITH LAWS, STANDARDS AND VOLUNTARY CODES RELATED TO MARKETING AND ADVERTISING

All advertising initiatives are screened by the competent units to ensure compliance with legislation and regulations concerning commercial practices, with particular attention paid to privacy, transparency and protection of the consumer. The Bank takes care to verify compliance with the provisions of the Voluntary Code on Advertising when advertising messages are formulated, even when outside advertising agencies are brought in.

After a positive experience in 2013, in 2014 two advertising campaigns were run on major television channels, as well as on various other media, reconciling "creative" requirements with the dictates of the regulations in force in terms of the clarity of messages, visibility and the completeness of the legal notices. The same line of conduct was naturally followed also for advertising at points of sale and for "digital" initiatives which made use of the web to deliver messages rapidly and to a wide audience.

### PR7 INCIDENTS OF NON- COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES ON MARKETING AND ADVERTISING

No cases of violation of the regulations in force occurred, nor were there any reports of non-conformity with regard to advertising processes, which were carried out in compliance with internal Group regulations.

## Customer privacy

### PR8 COMPLAINTS REGARDING BREACHES OF PRIVACY AND LOSSES OF CUSTOMER DATA

The acquisition and treatment of personal data on customers and all other persons, always takes place in observance of the rights and fundamental freedoms, as well as the dignity of those concerned in compliance with Legislative Decree No. 196 of 30<sup>th</sup> June 2003 (Privacy Code) on the protection of personal data [Code of Ethics p. 16-17].

The Group employs a "**Protection of privacy**" handbook and a series of organisational and technical



measures, with locks and other protective devices on IT systems, designed to ensure not only the necessary compliance with security and data protection requirements, but also observance of the consents granted by customers regarding the processing of their personal data for commercial and marketing purposes.

In 2014 113 complaints were received on the question of privacy, of which 47 regarded cases of compulsory reporting of personal data on credit to institutional data banks (central credit bureaux: Centrale dei rischi, CRIF, etc.). Two complaints were received through the privacy authority.

No irregularities were reported concerning data treatment and no events occurred which resulted in the theft or loss of customer data.

## Compliance

**PR9**  
**FINES FOR NON-**  
**COMPLIANCE WITH**  
**LAWS AND**  
**REGULATIONS**  
**CONCERNING THE**  
**PROVISION AND USE**  
**OF PRODUCTS AND**  
**SERVICES**

Penalties were imposed on Group companies and their senior management in 2014 for failure to report suspect transactions in accordance with “anti money-laundering” regulations and on matters concerning transparency and integrity in customer relationships, due to the complexity of contracts, discrepancies between information contained in different documents, delays in updating to comply with regulations and operational errors. Corrective action was taken on these matters and customers who had been charged amounts higher than those advertised were refunded the excess amount.

[📄 Reports and Accounts 2014 p. 188-189]

